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NEWS SUMMARY

GENERAL

Polish general calls for purge

A call for a new purge of all these associated with Poland's discredited Gierek regime was yesterday made by the controversial former Interior Minister General Mieczyslaw Moczar.

The general, who was a Minister under the Gomulka regime and has recently re-entered the politburo, also attacked the enemies of Socialism, a reference to the dissidents advising the independent trade unions. Back Page

Offer to Nkomo

Zimbabwe Premier Robert Mugabe said he had offered a new Cabinet post to Joshua Nkomo in a bid to prevent a split in the ruling coalition.

500 missing

More than 500 passengers were still missing last night after a blazing Indonesian ferry sank in the stormy Java Sea

Hostage welcome

Freed U.S. hostages arrived in Washington, greeted by brass bands and thousands waving yellow ribbons, for a reception at the White House. Page 4

Budget clash

U.S. Treasury secretary Donald Regan and Fed chairman Paul Volcker clashed at a Senate hearing over the new administration's budget package. Page 4

Drug film ban

Appeal Court ruled that Thames Television must not broadcast its documentary on the controversial pregnancy testing drug Primodos. Page 6

Guests of PLO

A group of nine Conservative and Labour MPs is to visit the Middle East this week as guests of the Palestine Liberation Organisation.

Kharg Island hit

Iraq said its forces attacked Kharg Island in the Gulf, scoring direct hits against oil installations and destroying Iranian tanks. Pag 3

Boy shot dead

A 14-year-old boy was shot dead and 50 were injured when police broke up a riot at a mining town in Zambia's strike-hit copper-belt province.

£240,000 award

Teenager girl paralysed by spinal injuries caused by a hospital blunder four years ago was awarded £240,000 damages in the High Court.

Wind power site

Britain's first large-scale wind-powered generator is to be built on Orkney for £5.6m. It will be 220 feet high and produce 3 MW of electricity. Page 5

Best salesmen

Italian Germano Ercole, 48, was named Britain's salesman of the year for winning a £2m contract to supply steel strand for the Jeddah-Mecca highway. Page 5

Budgie disease

Inquest on a 57-year-old woman was told that pet budgerigars can be the source of a rare respiratory disease, fatal to humans.

Gaddafi sees red

Libyan Colonel Muammar Gaddafi said he had appealed to U.S. President Reagan for Red Indian rights because most of them were of Libyan origin.

Briefly . . .

Spanish air traffic controllers started a work to rule over a pay claim.
Forty six people died in political clashes in El Salvador.

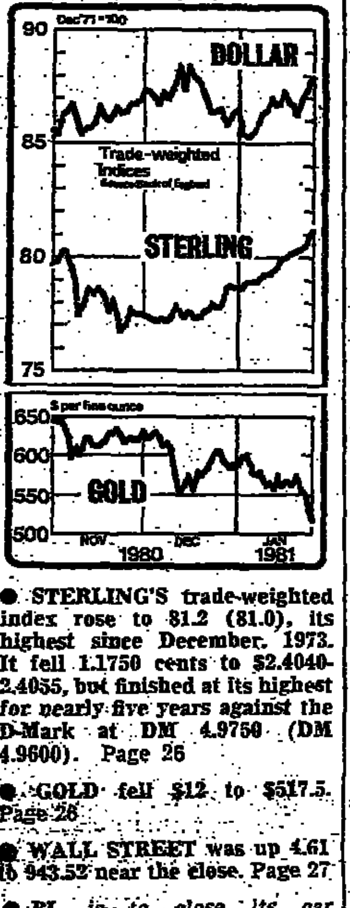
BUSINESS

Equities up 3.5; gilts rally

● EQUITIES' advance was halted by the CBI Industrial Survey's pessimism. The FT 30-share index gained 3.5 to 467.4. Page 30

● GILTS rallied. The Government securities index gained 0.18 to 69.04. Page 30

● DOLLAR stayed firm, with its trade-weighted index up to 88.0 (87.8). It finished at DM 2.0690 (DM 2.0520) and SwFr 1.8690 (SwFr 1.8525). Page 26



● STERLING'S trade-weighted index rose to 81.2 (81.0), its highest since December, 1973. It fell 1.1750 cents to $2.4040-2.4055, but finished at its highest for nearly five years against the D-Mark at DM 4.9750 (DM 4.9600). Page 26

● GOLD fell $12 to $517.5. Page 26

● WALL STREET was up 4.61 to 943.52 near the close. Page 27

● BL is to close its car assembly plant at Seneffe in south western Belgium. About 2,200 jobs will be lost. Back Page; BL reorganisation; Senior BL manager quits. Page 6

● DAVY Corporation, Britain's largest process engineering contractor, is putting pressure on the Government to stop the company falling into the hands of the Dallas-based Enserch Corporation. Back Page

● STOCK EXCHANGE has defended its rules and practices in the submission it is to make to the Restrictive Practices Court. Back Page

● GOLD-LINKED EUROBOND, the first ever, was launched by Drexel Burnham Lambert for Refinemet, the U.S. recycler of precious metals in which the Empain Scheider group holds a 61 per cent stake. Back Page

● MERGER TALKS between Eastern Air Lines of Miami and Braniff International of Dallas were called off. The companies said they were concerned about the impact a merger would have on employees. Page 23

● DE LOREAN, the Belfast sports car manufacturer that received £70m in UK Government backing, announced last night it had received commitments totalling £10m from two unnamed banks to cover a shortfall on start-up costs.

● ASSOCIATED DAIRIES supermarket and furniture stores group launched a £45m rights issue. Back Page and Lex. Details, Page 20

● REED INTERNATIONAL third-quarter taxable profits fell from £29.9m to £15.1m, leaving the nine-month figure to end December about 47 per cent lower at £42.1m. Page 21; Lex. Back Page

● INCHCAPE, international merchant, expanded pre-tax profits from £31.16m to £39.12m for the six months to end September. Page 20; Lex. Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Treas. 13pc 2000	£94¼	+ ⅛
BAT Inds.	252	+ 9
Barratt Devs.	154	+ 8
Bass	207	+ 8
Bristol Evng. Post	175	+ 10
Dundonian	64	+ 7
Electrocomponents	663	+ 33
Eurotherm	248	+ 18
Glass Glover	53	+ 6
Hambros Bank	605	+ 20
Hambro Trust	134	+ 8
Highland Distills.	104	+ 9
Horizon Travel	155	+ 8
Lucas Inds.	171	+ 7
Manson Finance	69	+ 3
Mercantile House	600	+ 30
Pearl Assurance	428	+ 6
Pratt (F.)	50	+ 7
Pritchard Services	139½	+ 4½
Record Ridgway	43	+ 6
Redland	167	+ 8
Richards Wallington	28	+ 5
Stewart Plastics	85	+ 9
Tarmac	267	+ 9
Whitbread "A"	151	+ 5
Clyde Petroleum	745	+ 40
KCA	172	+ 8
Gold Fields SA	£27¾	+ 1¼
FALLS		
Assd. Dairies	182	− 5
Inchcape	427	− 13
MFI Furniture	51	− 11
Priest (Ben)	44½	− 7
Racal Electronics	308	− 7
Somportex	730	− 30
Tate and Lyle	162	− 4
Strata Oil	172	− 12
Jo'burg Cons.	£26½	− 1¼
Transvaal Cons.	£18	− 1½

Jobless total 2.42m as employers continue with layoffs

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

ONE IN 10 of the UK labour force is out of work. But there are signs that the rate of growth of the adult total may have stopped accelerating and vacancies appear to have levelled out.

The jobs outlook remains grim. Although the recession seems to be approaching its trough, companies are still declaring redundancies on a large scale and limiting recruitment.

Department of Employment figures published yesterday show that the number of adults out of work rose by 102,600 in the month to mid-January to 2.24m, seasonally adjusted. This is equivalent to 9.3 per cent of the workforce and is an increase of 77 per cent since the total first began to rise in September, 1979.

The overall "headline" total, including school leavers, rose by 175,000 in the month to mid-January to 2.42m, the highest figure for 45 years and equivalent to 10 per cent of the workforce.

The increase in the adult total in the past two months has been slightly less than in October and November. But this is little consolation since an underlying rise of over 100,000 a month would still push the total up to 3m by the end of 1981.

Even if the growth of adult unemployment slackens further, the wave of summer school-leavers could still push the overall total near 3m in July or August.

The only limited comfort has been that notified vacancies rose by 1,100 in the month to mid-January to 103,100, seasonally adjusted, following a 4,800 increase in December. But vacancies are so low—103,800 less than a year ago—that it would be wrong to read too much into small fluctuations at this level.

The other main features of the latest figures are:

● The unemployment total would have been even higher but for the Government's special employment and training measures. These helped 828,000 people at the end of December, including 595,500 whose employers were subsidised under the temporary short time working compensation scheme. The overall impact was to keep about 310,000 people off the unemployment register.

● Notified redundancies are estimated at 491,400 in 1980 (following 45,080 in December), roughly 30 per cent more than the previous peak in 1971.

● The number of school leavers out of work rose by 6,000 in the month to mid-January to 101,000, mainly because of Scottish school leavers. This is

Continued on Back Page
Jobless total tragic, says Thatcher Page 7

INTERNATIONAL COMPARISONS

	Month	Total m	Per cent of workforce	Percentage change in last 3 months	Percentage change in last 12 months
UK	Jan.	2.23	9.3	−18.1	−67.3
U.S.	Dec.	7.78	7.4	−1.4	−21.2
Japan	Nov.	1.32	2.3	−6.6	−9.0
W. Germany	Dec.	1.05	4.6	−7.9	−28.8
France	Dec.	1.51	8.0	−1.4	−9.9
Italy	Oct.	1.81	8.3	−7.9	−11.0

All figures seasonally adjusted apart from Italy. Statistics not fully comparable because of differences in coverage.

CBI predicts sharp fall in manufacturing employment

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A FURTHER sharp fall in the number of people employed in manufacturing industry was forecast yesterday by the Confederation of British Industry whose economists expect up to 500,000 jobs in the sector to be lost in the six months ending in May.

This emerged yesterday when the CBI published its quarterly industrial trends survey which showed that the recession is biting still deeper into manufacturing businesses, even though the rate of decline has eased slightly in the past three months.

The survey shows that, for the first time in the recession, smaller businesses are faring as badly as large concerns, and that the de-stocking which has been in progress for some months is to continue at a high rate.

CBI leaders were yesterday anxious not to give the impression that industry is beginning to climb out of the recession. Mr. James Cleminson, chairman of Reckitt and Colman who head the CBI's economic situation committee, said: "Business prospects remain very bleak. This survey does not point to a recovery track. Business is still declining and there is still no indication of a bottom to the trough."

The CBI is markedly less optimistic than many Ministers about the plight of industry and is still pressing for urgent action on sterling and minimum lending rates.

Its leaders told Sir Geoffrey Howe, the Chancellor of the Exchequer, during private talks at the wekend that the confederation wanted to see a fiscally neutral budget which included industrial cost-cutting measures on items such as the national insurance surcharge and energy prices, as well as help for small businesses.

Underlining the bleak prospect for industrial activity are forecasts from the CBI's economic department which have been progressively more pessimistic during the past few months on both employment and investment.

In October it forecast that 180,000 of the 6.5m manufacturing jobs would be gone by the end of this month. With about 75 per cent of the 1,800 manufacturing companies reporting falls in employment in every industry during the past few months, the economists now estimate that this figure has probably been exceeded. Government statistics will be published tomorrow.

They expect a similar round of labour shedding by May and put a total figure for the six month period from October of 350,000 to 500,000 jobs lost.

Investment intentions are also continuing to decline. The economists forecast that the volume of private manufacturing investment is likely to fall by as much as 15 per cent during the 1980-81 financial year, and that the total fall from January 1980 to June 1981 could be as large as 25 to 30 per cent.

Details and Tables Page 28
TUC hopes for CBI backing Page 7

Challenge to Sir Hugh Fraser

BY JOHN MOORE

SIR HUGH FRASER, head of the House of Fraser, the stores group which owns Harrods, faces an attempt to remove him as chairman of the board by his co-directors.

In one of the most bizarre boardroom battles that the City has seen, Sir Hugh's position as chairman is to be reviewed by the directors at Fraser's Barkers store in Kensington at 10 am today.

Sir Hugh warned yesterday morning, "If there is an attempt to remove me I will call an extraordinary general meeting of shareholders. Although I may have to step aside for the moment, Sir Hugh Fraser will be back."

Lonrho, House of Fraser's largest shareholder, which owns 29.99 per cent of the Fraser group's shares, has warned the directors of House of Fraser that it intends to support Sir Hugh Fraser.

Mr. Tiny Rowland, Lonrho's chief executive, who has a seat on the Fraser board, will attend the meeting. Mr. Paul Spicer, another Lonrho director, will represent Lord Duncan-Sandys, Lonrho's chairman, who sits on the Fraser board.

The meeting was called by Mr. George Willoughby, House of Fraser's finance director, after a private meeting of directors at the City offices of S. G. Warburg, Fraser group's merchant banking advisers, last Friday. Sir Hugh Fraser did not attend that meeting. Neither did representatives of Lonrho.

It is understood that the plan to remove Sir Hugh as chairman was taken after the directors had sought advice from S. G. Warburg and the group's stockbrokers, Cazenove. The directors intended that Sir Hugh should become president of the company.

Warburg had suggested to Sir Hugh Fraser last summer that he should relinquish the chairmanship after a battle between Lonrho and the House of Fraser over a proposed final dividend payment by the Fraser group.

The latest initiative has been taken after another battle with Lonrho and House of Fraser over Fraser's plans for a £29m sale and leaseback of its D. H. Evans Oxford Street store.

Lonrho's resolution blocking the D. H. Evans deal was defeated over a week ago by Fraser shareholders in Glasgow.

Barely 48 hours after that meeting, Mr. Tiny Rowland and Sir Hugh held a private meeting, at Mr. Rowland's suggestion, to reconcile their difference. The reconciliation followed a bitter exchange of letters between the two men in which Sir Hugh's personal gambling habits had been the subject of comment.

Sir Hugh and Mr. Rowland have both said that the letters and the comments were "a misunderstanding." Mr. Rowland's letter had been withdrawn.

Sir Hugh said yesterday that "I am never going into a casino again," and he added "I have more than enough funds to meet my commitments from gambling."

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CONTENTS

Times sale approved subject to conditions

By Richard Evans, Lobby Editor

THE SALE of Times Newspapers to Mr. Rupert Murdoch's News International has been approved by Mr. John Biffen, the Trade Secretary, without reference to the Monopolies and Mergers Commission, but subject to a number of conditions.

These include safeguards of editorial independence and control of political comment, appointment and dismissal of journalists; and an increase in the number of independent national directors. The safeguards will be written into the newspapers' articles of association.

The announcement of what has clearly been an extremely difficult decision by Mr. Biffen was greeted in an emergency Commons debate with furious protests by Labour MPs, and a mixed reaction from the Conservative benches.

Voting at the end of the debate was 281 to 239, a Government majority of 42.

The Trade Secretary's underlying arguments were:

First, the March 14 deadline for closure of The Times, the Sunday Times and associated supplements gave insufficient time for a valid investigation by the Commission.

Second, there was a clause in the 1973 Fair Trading Act which meant that a reference need not be made if the newspapers concerned were considered uneconomic. His accountants had advised that this was the case.

But Mr. John Smith, Shadow Trade Secretary, claimed that according to figures which Warburgs, the merchant bankers operating for the Thomson Organisation sent to prospective purchasers, this was not so in the case of the Sunday Times.

He therefore called into question the whole basis on which Mr. Biffen had decided not to refer the Sunday Times section of the agreement to the Commission.

Some Tory MPs were highly critical of the decision, both on the basis of the profit estimates given by Mr. Biffen and of their views of Mr. Murdoch as a newspaper proprietor.

Decision attacked: conditions for Murdoch Page 7

£ in New York

—	Jan. 26	Previous
Spot	$2.4220-4230	$2.4120-4130
1 month	1.10-1.20 pm	1.15-1.25 pm
3 months	2.70-2.80 pm	2.75-2.85 pm
12 months	6.10-6.30 pm	5.90-6.10 pm

Rodgers resigns from Shadow Cabinet post

BY ELINOR GOODMAN

MR. MICHAEL FOOT's task of holding the Labour Party together became even more difficult yesterday, when Mr. Bill Rodgers resigned from the shadow Cabinet and opened the way for Mr. Tony Benn to join Mr. Foot's front bench.

Mr. Benn, who was runner-up in last month's elections for the shadow Cabinet said last night that he would take up the place, though it was not clear which job he would have.

In his letter of resignation Mr. Rodgers said last Saturday's party conference made it quite impossible for him to take a front bench job. He attacked his colleagues in the shadow Cabinet for having sold out over the issue of how to elect the leader.

Mr. Rodgers' move, which would seem to make his eventual departure from the party even more certain, came on the day that Mr. Foot's growing anger with Mr. Benn's tactics came into the open for the first time.

Attack

At a meeting of the Parliamentary Party, the leader was reported by MPs to have "skinned" Mr. Benn, accusing him of "spreading myths."

Mr. Foot's attack on Mr. Benn was welcomed by some moderates as a sign of his readiness to fight for the rights of MPs, but it is likely to add to his problems. His authority on the party's national executive will see its first real challenge today when he will argue against Mr. Benn's attempt to flush the Social Democrats out of the party by tabling a motion calling on all members of the executive to pledge themselves to work for the return of a Labour Government.

Mrs. Williams, together with Mr. Tom Bradley, the only other member of the executive who signed last Monday's declaration of intent, yesterday tabled an amendment of their own which would cause almost as much embarrassment to Mr. Foot.

Credibility

It pledges the Executive to work for the return of a Labour Government "committed to the principles of social democracy," and would ensure that a Labour manifesto would be agreed by the Parliamentary Labour Party.

Yesterday Mrs. Williams described Mr. Benn's move for a pledge as "extremely undemocratic." She was non-commital about whether she would stay on the executive if the motion were carried.

Her own amendment has little chance of being carried, but it is essential to Mr. Foot's credibility among those moderate MPs committed to staying in the party that he should be seen to defeat Mr. Benn. Yesterday Mr. Denis Healey, the deputy leader, promised he would fight Mr. Benn's motion. He accused Mr. Benn of "McCarthyism."

Meanwhile, at Westminster yesterday Liberal MPs invited the 11 Labour MPs who had joined the Council for Social Democracy to an informal meeting to discuss "the things which unite us and the things which divide us."

Peers may back Jenkins council Page 7

£1 and 20p coins on way Howe tells Commons

A 20p COIN is to be introduced next year and a £1 coin in 1983.

Sir Geoffrey Howe, the Chancellor of the Exchequer, said in a Commons written reply yesterday that the 20p will have the shape of a 50p but smaller than the present 5p. The £1 coin, which will most closely resemble the gold sovereign, is to circulate alongside £1 notes though the intention is to phase out the notes eventually.

The announcement is good news for the vending and ticket machine industries which have campaigned for some time for higher denomination coins.

Costs incurred in adapting the machines to accept new coins will be offset by the higher priced goods they will be able to sell. London Transport says the £1 coin will help speed the flow of passengers on the Underground.

Consultations have been held with banks, vending machine representatives and other interested parties but further discussions will take place in the next few months about the precise specifications and dates of issue.

Firmer feel for the pound Page 6

EUROPEAN NEWS

Mounting strains test cohesion of ruling alliance in Bonn

BY JONATHAN CARR IN BONN


Herr Genscher . . . more sensitive role.

WEST GERMANY'S governing coalition is coming under new strains, despite an appeal for discipline and solidarity from Chancellor Helmut Schmidt. Further disputes this week over defence and atomic power, following hard on an internal political crisis in West Berlin, show that the Social Democrat (SPD) alliance with the liberal Free Democrats (FDP) is going through one of its hardest trials in more than a decade of power.

In the latest challenge to government strategy, a group of 24 SPD parliamentarians produced a motion demanding that DM 1bn (£200m) be removed from this year's defence budget and added to the sum earmarked for development aid. After strong speeches of opposition by Herr Schmidt and Herr Hans Apel, the Defence Minister, on Monday evening, the motion was rejected by a large majority of the Social Democrat parliamentary party. But that is unlikely to end the matter.

First, it is highly likely that Herr Apel will be looking for more money for defence this year than the sum currently appearing in the budget estimates. The motion by the group of 24 thus is a warning of still stronger opposition if and when new defence demands are made.

Secondly, there is serious government concern at the impact which motions of this *kind may have on the new* administration of President Ronald Reagan and on United States public opinion in general. True, the proposal came from a minority of the SPD. But it follows comments, also by a minority, casting doubts on the party's adherence to the NATO stand on stationing theatre nuclear forces in Europe while offering weapons control negotiations to the Russians.

Thirdly, the previous point reflects on the cohesion of the SPD-FDP alliance itself. The Free Democrat leader, Herr Hans Dietrich Genscher, is also the Foreign Minister. He stressed before Monday's debate that maintenance of the defence budget and adherence to the NATO decision were essential for the country's security.

Herr Genscher is wholly at one on this issue with Herr Schmidt and Herr Apel. But the constant challenge on these security points from within the SPD makes his task as Foreign Minister still more sensitive. It also raises the question of how far Social Democrat leaders not in the Cabinet—notably Herr Willy Brandt, the party chairman and Herr Herbert Wehner, the parliamentary floor leader—are still willing and able to call the ranks to order.

Another key issue—the extension of atomic power in the north of the country—finds the national leadership of both SPD and FDP at odds with the parties in the provinces, and apparently incapable of enforcing a common line. Immediately in dispute is whether construction should go ahead with a nuclear power station at Brokdorf in the northernmost state of Schleswig Holstein which would supply power to Hamburg.

The Brokdorf scheme has also become a symbol of whether the coalition is prepared to press on with nuclear power development, or only pay lip-service to the need for it. A meeting in Bonn this week between representatives of northern SPD parties and the national leadership did little to resolve the point.

Hamburg might even lose its Social Democratic Lord Mayor, Herr Hans-Ulrich Klose. He has come out strongly against the Brokdorf scheme, although other senior party officials in Hamburg are in favour, and a local party congress will be held next week to clarify the issue.

If Herr Klose is defeated and steps down, it would be the second such blow within a few weeks. Herr Dietrich Stobbe, the SPD Governing Mayor of West Berlin, resigned early this month after failing to gain enough support from his coalition in a key vote on new members of the city government.

It is now almost certain that new elections will be held in West Berlin in the next few months. But it is far from sure that the SPD-FDP coalition there will be maintained.

None of this means that the SPD-FDP coalition is about to split. Herr Genscher knows that his party relies greatly on voters who support a specifically left-liberal alliance; still more so since the October general election when the Free Democrats won 10.6 per cent of the poll against 7.9 per cent before. Those same voters would be sure to baulk at a pact with the centre-right Christian Democrats.

However, the number of irritants between the two parties has grown markedly and emotion has threatened to gain the upper hand over political calculation. Both sides badly need a period of calm, but it is far from clear whether they will get it.


Herr Schmidt . . . appeal for discipline.

MOSCOW'S PROTEST REJECTED

THE WESTERN allies have rejected firmly a Soviet protest against the election last Friday of Dr. Hans Jochen Vogel, the former Bonn Justice Minister, as Governing Mayor of West Berlin. The allies said there was no substance to the Soviet charge that the election was contrary to the four-power Berlin accord of 1971.

Despite the protest, Moscow is believed to be interested in seeing the SPD-FDP alliance in the city maintained under Dr. Vogel. The alternative would be a Christian Democrat city government likely to take a tougher line on detente with the East.

BL plant closure will add to Belgian unrest

BY GILES MERRITT IN BRUSSELS

THE NEWS that after almost two years of uncertainty BL is shortly to close its Belgian assembly plant at Seneffe will come as a body blow to Belgium in a week when the country has reeled under the impact of social unrest.

For while the 2,700 workers at the Seneffe plant in southern Belgium have been engaged in angry meetings in anticipation of the BL axe, and have threatened to block all distribution, the eyes of the country have been turned to bitter disputes in the steel and textile sectors.

A national steelworkers' strike of indefinite duration began yesterday, adding a formidable element to the rash of wildcat strikes by textile workers.

The disputes affecting the key steel and textiles industries revolve round the Belgian Government's efforts to restructure them. The fact that both loss-making sectors have been the targets of EEC or international criticism for receiving "unfair *subsidies" means that the coalition* government led by Mr. Wilfried Martens is caught between irreconcileable domestic and external pressures.

The labour unrest spreading across Wallonia, the Francophone southern half of Belgium where traditional and ailing industries are concentrated, stems from the worsening recession. But there are fears that it could trigger a much more serious and fundamental crisis.

These fears have been accentuated by the surprise resignation at the beginning of this week of M. Andre Cools, President of the Parti Socialiste that dominates the politics of industrial Wallonia.

M. Cools was one of the architects of the new plan for *revitalising the steel industry* that has prompted the strike, but he has long ben a restraining influence on Wallonia trade unionist militants.

The general steelworkers' strike involving the 40,000 employees in the sector results directly from a 10-day-old merger plan designed to rationalise Wallonia's steelmakers back into competitive shape.

The plan, which has already received the tentative approval of the European Commission, was for the giant Liege-based Cockerill to be linked with the grouping of steelmakers known as the "Triangle" of Charleroi.

Under the terms of the deal, the Triangle's Thy-Marcinelle steelmaking complex would be closed, leaving Charleroi in effect with only the Hainault-Sambre operation, while in Liege, an investment programme for Cockerill to build a second continuous casting plant at Chertal would be scrapped.

In all, the plan was to have cut between 2,000-4,500 jobs from the combine's payroll, giving it a labour force of 16-18,000 and in theory making it a streamlined force in the European *steel industry*.

There is even continuing discussion over whether or not the new 5m-tonnes-a-year Belgian producer could be linked up with Luxembourg's Arbed, which owns the ultra-modern Sidmer flat steel plant situated in the Flemish northern half of Belgium, and such an international merger would create a *15m-tonnes-a-year giant*.

All these boardroom calculations have come up against the reality of trades-union suspicions. Even though an inner-Cabinet meeting presided over by Mr. Martans decided on Monday to back down and allow the Chertal continuous casting project, the steelworkers' representatives have gone ahead with their national strike action in *support of demands for* "guarantees" on redundancy levels and investment timetables.

Swiss move on purchase of fighters

THE SWISS Government has called on Parliament to approve the spending of SwFr 770m (£156m) on a further series of 38 Tiger fighter aircraft for the country's air force, John Wicks reports from Zurich. This follows a 1976 order worth SwFr 1.17bn for 72 of these fighters, the last of which will be completed this spring.

Subject to approval from both Houses, an order could be placed in July, with delivery between mid-1983 and spring 1985.

Assembly of the 32 single-seater aircraft and the six twin-seater models will be carried out by the Swiss Federal aircraft works in Emmen which, with private-enterprise companies, will also manufacture certain parts of the fighters under licence.

Norway Ministries at odds over oil drilling

BY FAY GJESTER IN OSLO

AN ARGUMENT about when oil companies may safely start drilling this year in Norway's northern waters is brewing between the Ministries of *Fisheries and Oil and Energy*.

The season officially began in May last year, the first in which exploration drilling was permitted north of the 62nd parallel. However, rig inspections ordered in the wake of the Kielland hotel platform disaster delayed the start until June. The end of the season was defined vaguely as "September/October" and all three wells drilled during the summer were plugged in early October.

The Oil Ministry, hoping that six wells will be drilled on northern blocks this summer, wants work started on April 1. The Fisheries Ministry says April is the very period when an accidental spill would most harm marine resources, particularly on the Tromso area where the most northerly concessions have been allocated.

It has similar reservations about permitting April drilling on the Halton Bank, the other concession area north of the 62nd parallel. It urges that drilling off the north coast should start no earlier than May 1 and stop by the end of September.

Another consideration is that the fishing season in these waters extends through most of April.

● Gulf and Getty Oil, in partnership with Statoil, Norway's State oil company, have found gas and condensates in a deep-water, wild-cat well drilled off the coast almost due east of Britain's Murchison Field. An Oil Directorate official said the test results were "interesting" but additional wells would be needed.

Soviet ships will use Malta base

By Our Foreign Staff

THE SOVIET UNION will start using Malta regularly as a bunkering depot for its merchant fleet in the Mediterranean, Mr. Timofey Gouzhenko the Soviet Merchant Shipping Minister, said in Valletta yesterday.

The bunkering agreement, which was negotiated in Moscow last week between Sovfracht, the Soviet merchant shipping organisation and Sea Malta, will enable Soviet merchant ships to stockpile and refuel at the vast depots built by NATO at Has-Saptan on Malta's south coast in the 1950s.

Sovfracht will be able to use roughly 20 per cent of the fuel depots.

A few days before the agreement with Sovfracht was negotiated another bunkering accord was concluded with Jacorossi, the Italian fuel distribution company. The deal involves the creation of a joint company with the Maltese Government in which, initially, Jacorossi will have a 70 per cent interest.

The agreement exempting Soviet merchant shipping from Government permission to sail to Malta was signed yesterday by Mr. Gouzhenko and the island's Development Ministr, Mr Wistin Abela.

Mr. Gouzhenko also discussed the prospects of sending to Malta more Soviet ship-repair work.

The Soviet Minister called the signing of the agreement "a good contribution for the strengthening of bilateral relations and cooperation between the two countries."

Cool start for renewed East-West talks

BY ROBERT GRAHAM IN MADRID

UNCOMPROMISING statements by Western and Soviet delegations at the opening session of the second phase of the Conference on Security and Co-operation in Europe underlined here yesterday the slim prospects for improving the current atmosphere of detente.

Mr. Leonid Iliycov, the Soviet Deputy Foreign Minister and chief Soviet delegate, rejected virtually out of hand the four key new proposals being supported by the West for insertion into the principles of the 1975 Helsinki Final Act.

In turn, the Belgian, British, Dutch and U.S. delegations stressed in varying degrees the importance of adopting concrete proposals to improve human rights, human contacts and a free flow of information.

Mr. Max Kampleman, the chief U.S. negotiator, also attacked the Soviet Union for holding nine dissident trials and carrying out two arrests of dissidents since the conference broke for its Christmas recess on December 19.

In private, Western delegations were saying yesterday that the results of these, the final six weeks of the Conference, had to be balanced. This implied that the Soviet Union will get no joy on proposals for disarmament, which it is anxious to see adopted, if there are no concessions to the Western nation's various human rights demands.

In his speech, Mr. Iliycov said that détente would be at risk if the meeting failed to reach agreement on a disarmament conference. He made it clear that the Soviet Union supported the Polish proposals which envisage a vague, ill-defined *conference to discuss the whole* question of military détente.

This type of conference is roundly rejected by the West since it would be merely declaratory and would put too much emphasis on security.

Mr. Iliycov also said in an interview published yesterday in the Spanish daily newspaper El Pais that he would not accept the French idea of a disarmament conference where Europe would be defined as extending as far as the Urals.

It is precisely this geographical extension which makes the French proposal for a disarmament conference meaningful to its NATO backers.

Mr. Iliycov also indicated that he was against the French suggestion that all participants should agree, as a prior measure, on clear and substantive "confidence - building measures."

The U.S. delegation yesterday gave no hint of whether it had instructions from the new Reagan Administration to endorse the French disarmament proposal, which is going to be one of the central topics here over the next two and a half weeks. Previously, the U.S. has been careful to reserve its position, while supporting the French within the context of NATO.

Mr. Kampleman, who has just returned from consultations in Washington, said in his plenary speech that the position of the U.S. delegation remained "constant." This was taken as committing the delegation to continuity but without prejudicing shifts in policy.

Denmark narrows deficit on trade

Denmark's trade deficit last year fell to DKr 14.6bn (£955m) from DKr 19.4bn (£1.27bn) in 1979, according to official figures, writes Hilary Barnes in Copenhagen. Imports were up 12.3 per cent to DKr 108.8bn and exports by 21.7 per cent to DKr 94.1bn. Growth of imports and exports slowed in the final quarter. Imports actually fell by 1.5 per cent to DKr 27bn while exports increased by 12.8 per cent to DKr 24.6bn compared with the same quarter of 1979. The final quarter trade deficit was reduced from DKr 5.6bn to DKr 2.3bn.

Bankruptcies rise

The number of bankruptcies in Denmark rose to 1,935 last year from 289 the year before, according to the Bureau of Statistics, writes Hilary Barnes. In manufacturing industry they increased from 56 to 378, in building and construction from 48 to 450, and in commerce from 73 to 459. Foreclosures on agricultural properties totalled 589 against 41 in 1979.

Peseta merger

Spain has relaxed exchange controls by approving the merger of the "A" and "B" pesetas, used by non-resident foreigners, Reuter reports from Madrid. They were introduced in 1973 to restore control over the currency at a time when speculators were taking advantage of its strength on international currency markets. The "A" peseta can be used only for payments in Spain but the "B" peseta is fully convertible.

Decision soon on new bid to right capsized platform

BY OUR OSLO CORRESPONDENT

THE OSLO Government is expected to decide "in a few days" whether it will give financial and technical backing to a new attempt to right the *capsized hotel platform*, Alexander Kielland. The request has been made by the rig's insurers, who are understood to be seeking a Government commitment to cover their losses if the second salvage operation fails.

The first attempt to right the rig last autumn cost NKr 70m (£5.4m) and was called off by the Government because it was worried about the safety of the operation.

The insurers, led by the Norwegian Storebrand group, responded by cancelling their contract with the Anglo-Norwegian joint venture, SD *Marine/Nicoverken, which was* doing the work. They said the delay had led to a crucial loss of buoyancy so that righting the platform was no longer possible. The salvage team disagreed but the Kielland was returned to its original inverted position, in which it has remained. Earlier this month, the insurers declared it a total loss and its owners Stavangar Drilling, accepted NKr 320m (£24.8m) in compensation.

Greek-U.S. defence pact sought by March

BY OUR FOREIGN STAFF

GREECE and the U.S. yesterday entered the final stage of a race against time to rebuild Greece's formal defence links with the West.

Talks are under way at the Greek Foreign Ministry on the future status of the important U.S. bases and communications centres in Greece. The talks come three months after Greece was reintegrated into the military wing of NATO.

Both the Greek and U.S. sides are confident that an agreement can be concluded by the end of March. But both are also aware that rapid progress *is necessary to prevent* the negotiations from falling foul of Greek domestic politics.

The talks cover four major military installations near Athens and on the island of Crete. Most important is the natural anchorage of Souda Bay, Crete, used by the Sixth Fleet and connected to a naval depot, airfield and missile firing range.

Also on Crete is an electronic *surveillance station near Heraklion*. Around Athens are an air-support base and a fleet communications centre. Altogether, 3,500 U.S. military personnel are involved.

The bases operate under an open-ended agreement signed in 1953. When the Turks obliged the Americans to give them nominal control over U.S. bases in Turkey, Greece followed suit: a fresh agreement was initialled in 1977, but never signed.

Now Turkey has again revised the terms covering the U.S. bases in its country and Greece is demanding that this be taken into account.

Athens is insisting on some form of undertaking that the present balance of power between Greece and Turkey in *the Aegean will be maintained*, and on assurances that a balance will be kept in the amounts of U.S. military aid given to Greece and Turkey.

Next year's U.S. military aid programme foresees $280m for Greece compared with $400m for Turkey. Athens is keen for this 7:10 ratio to be kept.

The negotiations are taking place under a cloud. There is concern among Greek officials that its allies do not appreciate how its main immediate problems are perceived to be with Turkey rather than with the Warsaw Pact. Coupled with this is considerable reluctance to be drawn into any NATO plans involving the Middle East.

There is also continuing Greek public suspicion of the U.S., of its role in recent Greek and Cypriot history, and of the presence of U.S. military forces and facilities in Greece.

Foreign policy is the grist of domestic politics in Greece and the Government is keen to have the issue of relations with the U.S. well behind it before the general elections due by November this year.

The Opposition, which has long had an anti-NATO and anti-U.S. platform, is ahead of the Government in some opinion polls. Guarantees on the balance of power in the Aegean and aid ratios would take some of the sting out of Opposition assaults.

Swedish krona hit again

BY WILLIAM DULLFORCE IN STOCKHOLM

THE SWEDISH krona weakened further against most other currencies on the forward exchange markets yesterday, as Stockholm bankers continued to call for a firmer indication from the government that it will act decisively to reduce Sweden's budget deficit.

The Swedish central bank, the Riksbank, is understood to have supported the krona on the spot market but its intervention was described as "not drastic." Last week, it raised its discount rate from 10 to 12 per cent in an attempt to offset an acceleration in the outflow of funds from the krona stimulated by talk of devaluation. Initial reaction to the new rate was favourable but the flight of funds picked up again on Friday.

The Government wants to avoid a devaluation at least until the 1981 wage level has been clarified in the national pay talks currently being conducted by the employers and the unions. Yesterday the Landsorganisationen, the blue-collar union federation, rejected the employers' proposal of a three-year settlement.

The employers offered a skeleton agreement incorporating compensation for workers for price increases above a set level but containing no figures. The Landsorganisationen's reply makes an early settlement unlikely.

Soviet protest over Pertini's terrorism claim

By Rupert Cornwell in Rome

THE SOVIET UNION yesterday lodged an official protest over President Pertini's allegation that the East Bloc powers were behind Italy's terrorism.

Sig. Walter Maccotta, Rome's ambassador to Moscow, was summoned to the Kremlin to receive a formal note, protesting at the "absurd and offensive" remarks.

The Italian head of state stirred this latest controversy in interviews to French television and a French newspaper marking the visit to Rome last week by President Giscard d'Estaing. He drew attention to the similarities between terrorism in Italy and Turkey, "a country with 1,000 km of common frontier with Russia."

The Kremlin protest was being studied yesterday by the Italian Foreign Ministry. *Parliament will debate the issue* of an international nerve-centre of Italian terrorism next week, but it seems improbable that anything will emerge to confirm or refute the allegations.

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How the twentieth century brought Imperial Rome to its knees

BY RUPERT CORNWELL IN ROME

"IN JUST a few decades we are facing the complete loss of the most striking artistic and archaeological heritage to be found anywhere in the world in a single city." With these apocalyptic words, Prof. Adriano La Regina recently summed up the threat facing the ruins of ancient Rome. The damage they have suffered inthe past 25 years exceeds that of the preceding thousand.

The instigator of this second decline and fall is not Goth or Visigoth, but those twin twentieth-century gifts to civilisation: oil-fired central heating and the motor car. The latest victim has been perhaps the most prestigious: the bronze equestrian statue of the Emperor Marcus Aurelius, cast in the third century AD, some 100 years after his death.

Earlier this month, the statue, one of Rome's most famous landmarks was delicately lifted from its horse where it has sat, in Michelangelo's Campidoglio Square on the Capitol Hill. His steed, even more pitted and damaged by atmospheric pollution, followed the great man soon after to the workshop for restoration. But it is very doubtful when, and indeed if, they will ever return to their home of five centuries. But for two years now the damage elsewhere has been growing ever more evident—specially since the September 1979 earthquake in the nearby Apennines foothills.

The tremors, clearly felt in Rome, brought many monuments to the bring of collapse. But they did at least have the positive effect of focusing public and official attention on Professor La Regina's earlier warnings, widely disregarded as a case of special pleading. The process set in motion then is at last beginning to bear fruit.

Turned into chalk

The scientific culprit is a form of tetra-ethyl lead emitted by car exhausts and oil-fired central heating installations. But in simple terms, as Prof. La Regina says: "The marble is simply being turned into chalk." The 85 tons of dusts, oxides, and other pollutants deposited every year on each square kilometre of central Rome are steadily obliterating the reliefs, inscriptions and sculptures which provide so valuable a documentation of the city's past.

But how have things come to such a pass? In the first place, there was the transformation of the sleepy provincial city chosen to be capital of newly unified Italy to today's sprawling metropolis of 3m. In 1764, the historian Edward Gibbon could draw quiet inspiration from the "barefoot friars singing vespers in the Temple of Jupiter." Today he could hardly hear himself think.

Before the First World War, conservationists had made some progress towards the dream of a huge single archaeological park, stretching from the Capitol through the forums, the Colosseum and the Baths of Caracalla (where the summer opera now takes place) up to the beginning of the old Appian Way. Then came Fascism.

As part of Mussolini's design of forging a symbolic link between the ancient Roman Empire and the one he planned to create, he drove what is today the Via Dei Fori Imperiali from Piazza Venezia (and his own official residence of Palazzo Venezia) to the Colosseum, in the process separating the Roman and Imperial Forums.

Badly eroded

The Colosseum itself has been seriously weakened. The marble facings of the three main triumphal arches of imperial Rome, of Constantine next door to the Colosseum, of Titus and Septimus Severus in the Roman Forum, have been badly eroded by the fumes, as have the two columns erected at the height of the Empire's splendour, by Trajan in the Forum which bears his name and by Marcus Aurelius in today's Piazza Colonna, 30 yards from the Palazzo Chigi, the official residence of the Italian Prime Minister.

Now, however, the municipality, under Communist mayor Sig. Luigi Petroselli, is at last challenging the absolute rule of the motor car. From next month on Sundays, part of the Via Dei Fori Imperiali leading into Piazza Venezia will be closed to traffic. Via Della Consolazione has already met the same fate, and as it is dismantled the Capitol Hill will physically rejoin the ancient Roman Forum and the Palatine, on the right as you look up towards the Colosseum.

Scaffolding now clothes many columns and obelisks. A new underground line —20 years in the building, it should be said —finally opened a year ago, and plans are afoot to convert much of Rome's heating to clean methane gas — an energy source in which Italy is comparatively rich.

Best of all, the Italian Parliament seems set to vote L180bn (£80m) over five years for maintaining and repairing the monuments, compared with the current L3bn ([illegible]) a year with which Prof. La Regina has to make do. This new allocation of funds will be concrete proof of the politicians' acknowledgement that the plight of ancient Rome is a matter not just for archaeologists or the city authorities, but for the country at large.

Pakistan asks for backing on Afghanistan

By David Housego, Asia Correspondent

PAKISTAN is asking Moslem leaders at the Islamic summit conference in Taif, Saudi Arabia, either to allow it to move towards a dialogue with the Babrak Karmal régime in Afghanistan, or for the Moslem leaders to back wholeheartedly insurgency operations against Russians, while providing guarantees for Pakistan's security.

The Pakistan delegation, led by President Zia-ul-Haq, is privately telling Moslem leaders that the pressures on the country are becoming intolerable.

Saudi Arabia, Kuwait, Egypt and some Western states are supplying the insurgents through Pakistan with increasingly sophisticated weapons.

Such aid is still on too limited a scale to be more than a pinprick to the Russians, but it does expose Pakistan to the threat of Russian reprisals, and risks swelling further the flow of Afghan refugees into the country. The 1.4m already there are imposing a heavy burden.

The outcome of the conference is thus seen as critical to future developments over Afghanistan. The Afghan insurgent groups present at the meeting are pressing for further support and a continuing hard line against the Russian occupation.

Their views received some support from King Khaled of Saudi Arabia, who in his opening address strongly condemned the Russian invasion.

Pakistan, however, favours opening a dialogue with Kabul, believing that the Russians cannot be dislodged, and that though their occupation of Afghanistan can be made vastly more uncomfortable, Pakistan will not obtain the cast-iron guarantees for its security that it wants.

But it would be prepared for a further increase in insurgency operations if this was a conscious decision accepted by the major Moslem States in full awareness of the consequences.

Recent Pakistan policy has been to offer an olive branch to the Russians, while turning a blind eye to the increased supplies passing to the insurgents.

The Pakistan Government has no reason to suspect that the Russians have drawn back from their offer conveyed last month to Mr. Agha Shahi, Pakistan's Foreign Minister, for the opening of negotiations with Kabul.

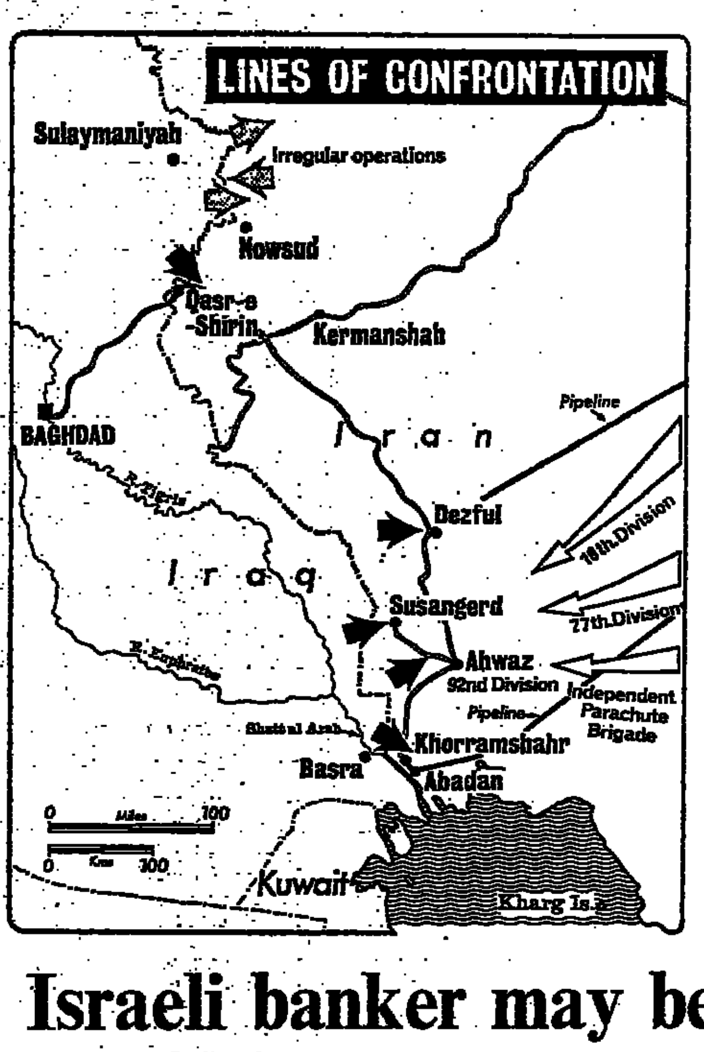
These would have been on the basis of three-sided talks involving Pakistan, Iran and the People's Democratic Party of Afghanistan, with the participation of a United Nations emissary. The key Russian concession was to drop its demands for prior recognition of the Kabul régime.

This initiative so far appears to have made no headway. A major stumbling block seems to be the refusal of Iran to participate and the continuing support of the Iranian regime for the uncompromising stand of Afghan insurgents.

Pakistan does not believe this is an insuperable obstacle —Iran is not in any case represented at Taif—because tripartite negotiation could take place with Kabul if a UN representative was present. Pakistan is barred from direct negotiations with Kabul by the resolutions of previous Islamic conferences.

The Russians may not be prepared, however, for talks in which Iran was not represented.

As the Gulf war settles into its fifth month, five fronts dominate the static confrontation



Decisive victory is unlikely

BY TERRY POVEY IN TEHRAN AND ANDREW WHITLEY IN LONDON

THE WAR between Iran and Iraq is now settling into its fifth month. But neither side looks likely to achieve a decisive victory without an abrogation of the present unwritten pact among the major outside powers not to resupply the belligerents to any significant extent.

President Abolhassan Bani-Sadr of Iran returned to the war front yesterday—where he has spent much of the past three months—indirectly complaining about the way in which equipment and ordnance shortages have limited his room for action.

The much-vaunted Iranian counter-offensive of early January was the last significant military action. But that ground to a halt after only three days and the loss of several hundred tanks on both sides.

Fighting extends some 300 miles along the border region between the Kurdish highlands in the north and the port and refinery complex of Abadan and Khorramshahr in the south.

The deepest incursion of about 50 miles was the Iraqi thrust towards Ahwaz, the provincial capital, in the early days of the war.

Five main fronts dominate the static confrontation between the two armies, long rivals for regional leadership. These are around:

- Abadan - Khorramshahr, where the Iraqis have still not succeeded in completing the capture of the refinery town despite virtually encircling the area.
- Ahwaz, which continues to receive heavy punishment from artillery shells but is in no immediate danger of falling.
- Susangerd, scene of much of the heaviest recent fighting involving tank brigades in offensive roles for the first time.
- Dezful, an important air base and oil pumping station for Iran. The Iraqi failure to knock this out baffles Western military experts.
- Qasr-e-Shirin, the border crossing-point on the main Tehran-Baghdad road, where the Iraqis have consolidated their early gains.

In addition, Iraq has opened up a new front further north in the Kurdish mountains. Two key passes west of Kermanshah, near Nowsud and Panjvin, are reported to have been captured.

While Iraq is using dissident Iranian Kurds as its spearhead here, Iranian irregulars and Revolutionary Guards have claimed successes in the same region, according to Tehran Radio.

In the latest—undoubtedly exaggerated—claims of casualties inflicted, Iran has said that 232 Iraqi soldiers were killed over the weekend, while Iraq's military command yesterday reported 134 Iranian deaths in the previous 24 hours.

After the failure of the Iranian attempt to break through the enemy lines around Susangerd, the war has resumed its purevious pattern of heavy artillery bombardments. Tehran has alleged that poison gas shells have also been used against civilian targets in Khuzestan.

With rare exceptions, the Iraqi air force has refrained from long-distance bombing raids, after the early surprise attacks on Iranian air bases and economic targets. Its lack of effective fighter cover and inability to use electronic defensive equipment are cited by Western analysts as the main reasons.

South Africa puts controls on shipping

BY QUENTIN PEEL IN JOHANNESBURG

SOUTH AFRICA is to impose strict new controls on shipping using the busy Cape sea route, and to use powers to detain and search any ships which are thought to pose a threat to the republic.

The measures are intended both to improve safety precautions in the hazardous shipping lanes around the Cape, and to give extra security powers to South Africa for its defence. The proposed law would allow the South African Government to stop and search any ship suspected of carrying arms to guerrilla movements operating from neighbouring countries.

Details of the controls were published yesterday in a Bill to be presented to the new session of Parliament, the Marine Traffic Bill.

The main aim of the proposed legislation—which is unlikely to be seriously amended in Parliament—is simply to bring South Africa up to date with the long-standing Geneva Convention on territorial waters.

However, some aspects, such as those covering security and threats to the republic, have been drafted for what officials describe as "South Africa's particular domestic requirements."

The Bill provides for all ships to enjoy the right of "innocent passage" through South African territorial waters, up to a 12-mile limit. However, the Minister of Transport will have the power to order ships to be stopped and searched if they are believed to carry drugs, or had on board "cargo, appliances, apparatus or persons which the Minister was of the opinion constituted a threat to the sovereignty, territorial integrity or political independence of the republic."

According to another clause, the Minister of Transport, after consulation with the Minister of Defence, may stop any ships entering or passing through territorial waters, if he considers it "essential for the security of the republic."

Once the Bill becomes law, no ship will be allowed to drop anchor in South African waters without being cleared by the transport authorities. This could affect oil tankers which have in the past been kept idle, for example off Walvis Bay, at times of contraction in the oil shipping market.

Hitherto, South African maritime laws have been very lax, and the 1958 Geneva convention has not been enforced.

Cape floods cleanup begins

Military, police and civilian rescue crews began a massive cleanup yesterday in the Cape Province, devastated by flash floods in the normally arid Karoo region, AP reports from Johannesburg. Laingsburg, Touws River, Ladismith and Montague were declared disaster areas late on Monday.

Up to 200 persons were feared dead in the floods but rescue workers had recovered fewer than a score of bodies from the mud by yesterday.

South African Air Force helicopters airlifted food, blankets, tents and medical workers into the flood-hit areas, still cut off by breaks in roads, bridges and rail lines. Many telephone cables were still cut. Riot police were flown in from Pretoria to maintain order and to prevent looting.

Israeli banker may be Finance Minister

BY DAVID LENNON IN TEL AVIV

ONE OF Israel's most successful bankers, Mr. Ya'acov Levinson, has announced his resignation as chairman of the Board of Bank Hapoalim, fuelling speculation that he is likely to be appointed Finance Minister by the Labour Party if it wins the general election.

Mr. Levinson, 49, turned down the Treasury post when it was offered to him by Mr. Yitzhak Rabin, the then Labour Premier, in 1974.

But, in recent months, indications have been increasing that he will be willing to serve as Finance Minister under Mr. Shimon Peres, the Labour Party leader, if he becomes the next Prime Minister.

The official announcement of the resignation said that Mr. Levinson would formally resign his chairman's position early in April, and "will concentrate his efforts on promoting foreign investment in Israel." He has not issued any public statement on a possible political future.

Mr. Levinson's emergence as one of the country's leading financial figures came during his 12-year tenure as head of Bank Hapoalim—the workers' bank, controlled by the Histadrut labour federation.

Under Mr. Levinson's direction, the bank grew at a rate unprecedented in the Israeli banking system, and now claims to be the largest in the country. It has opened 25 branches abroad.

By divesting himself of most of his responsibilities at the bank Mr. Levinson would now be in a position to accept the Treasury post if it is offered to him.

Mr. Peres is known to prefer him for this tough job, despite some opposition from other aspirants within the Labour Party, who challenged Mr. Levinson's lack of experience in the rough-and-tumble of Israeli party politics.

Mr. Levinson favours a policy of expanding economic growth rather than belt-tightening in the economy. He also believes in promoting productivity through incentives and subsidies, especially for high-technology export industries.

Mr. Ephraim Reiner, deputy chairman of the board, will take over as Bank Hapoalim chairman in April.

Mr. Peres . . . may appoint Mr. Levinson.

Hussein describes Jerusalem plan

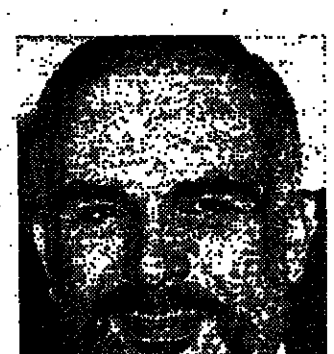
BY RICHARD JOHNS IN TAIF

THE ISLAMIC summit conference turned its full attention yesterday to the report of the Jerusalem Committee, presided over by King Hassan of Morocco, which seems assured of endorsement by all participants. The package includes political, diplomatic and economic measures, as well as an increased commitment of military support for the Palestine Liberation Organisation (PLO).

King Hussein of Jordan yesterday described it as a "comprehensive plan of action" designed to bring about the return of Moslem sovereignty to the Holy City. He spoke of a "new Zionist offensive" constituted by Israeli policy aimed at altering further the Islamic character of East Jerusalem.

King Hussein's speech caused an evident stir particularly among the PLO delegation, but at the end of his speech pained tension was visible on the face of Mr. Farouk Khaddoumi, head of the PLO's political department, when he acknowledged the organisation to be "the sole representative of the Palestinian people" in line with his statement at the Arab summit in Rabat in 1974.

Thus, implicity, he has rejected the so-called Jordanian option, favoured by the Israeli Labour Opposition, which looks certain to take power next summer, and the new U.S. Administration. Under it, Jordan would not only be a party in negotiations on a comprehensive Middle East peace settlement, but also integrally linked with an independent West Bank and Gaza Strip.



King Hussein

At this meeting King Hussein could not have said anything else. The acid test will come for him when pressure grows on Jordan to allow guerrillas to operate from his territory.

In a florid, highly rhetorical speech, King Hassan said that his report had given a definition to Jihad—or holy war—which gave it "material and moral" substance. The faithful should offer their "soul and blood," he said. His address was praised by other speakers, including Mr. Yassir Arafat, chairman of the PLO.

Meanwhile, there has been renewed speculation aroused by the absence of President Assad of Syria and President Chadli of Algeria from last night's session, about another bid to obtain Iranian representation at the conference, or even mediation in the Gulf war.

Regan, Volcker conflict on controlling inflation

BY DAVID BUCHAN IN WASHINGTON

DIFFERENCES SURFACED publicly yesterday between the Reagan Administration and the U.S. central bank as to how to conduct the fight against inflation.

Mr. Donald Regan, the Treasury Secretary, and Mr. Paul Volcker, chairman of the Federal Reserve, both gave evidence to a Senate Committee. Mr. Regan, who appeared first, praised the "constructive, co-operative climate" of the meetings that he and President Reagan, had had with Mr. Volcker.

But differences soon emerged over the Fed's role in the inflation battle and over the correct shape of the new Government's tax and budget package to be presented to Congress in mid-February.

Mr. Reagan stressed that inflation could not be brought under control as long as money growth rates (the Fed's prime responsibility) continued to outstrip the growth in goods an dservices year in and year out, as they had done, on average, for more than a decade. He stressed that the "startling and wrenching swings" in rates of money growth and interest over the past two years simply could not continue.

Mr. Volcker told Senators that heavy reliance on monetary policy in recent months had placed too much strain on the financial markets. Both he and Mr. Reagan agreed that a co-ordinated approach—fiscal and monetary—was needed to inflation, but seemed to differ on how the two tools should be related.

While the Treasury Secretary called for a three-pronged approach, which he said would be the core of the February economic package, balanced between tax cuts, spending cuts and a tight money policy, he said that in the present situation tax cuts could not wait for spending cuts that would balance the budget.

Mr. Volcker countered that there was no escape from the need to make big spending cuts to make room for tax cuts and for private credit demands.

"I know that it is easy (and right) for me to say that the decisions about what should be cut back are properly yours and the President's, not mine," he told Senators. "But I must also emphasise that, in the interests of a healthy economy and moderating tensions in financial markets. I see no alternative to large spending cuts."

The new Administration seems to be taking a more monetarist line than its predecessor, with Mr. Reagan stressing yesterday that there was no longer any pay-off in terms of lower inflation from higher unemployment. Inflation was primarily a monetary phenomenon. Equally, Mr. Volcker's comments yesterday appeared to indicate central bank worry that this approach places too much weight on Fed policy and its impact.

U.S. QUARTERLIES

Exxon earnings advance
Merrill Lynch moves ahead
U.S. Steel turnround to *profit*

Details, Page 23

Reagan welcome for hostages

By Jurek Martin, U.S. Editor, in Washington

Mr. Laingen (left) with another ex-hostage yesterday.

MANY OF the U.S. hostages freed from Iran last week said yesterday that they did not expect to suffer lasting mental damage as a result of their 444 days of captivity.

Forty one of the 52 appeared at a Press conference at the U.S. Military Academy at West Point in New York yesterday before flying to Washington for a motorcade and formal welcome home by President Reagan. The absence from the Press conference of 11 of the hostages lent credence to reports that about a dozen were victims of severe depression.

Mr Reagan, who was described as "watery-eyed" when he received medical reports of the hostages condition and treatment at Iranian hands, was expected to issue a statement condemning Iranian behaviour and to pledge that never again would U.S. citizens endure such prolonged abuse at the hands of "terrorists."

His two senior White House aides, Mr. Edwin Meese and Mr. James Baker, both stressed in a television interview on Monday night that the U.S. would honour the financial agreements concluded by the Carter Administration. They said that the legalities of the pact were still under review but that a formal announcement of broad compliance could be expected within a week.

At the West Point Press conference, Mr. Bruce Laingen, the former Chargé d'Affaires in Tehran, said he spoke for all his colleagues in thanking the American people for the magnificence of their support during the ordeal and for the overwhelming outpouring of emotion on the return to American shores. He paid special tribute to the eight servicement who had died during last April's abortive rescue mission.

None of those who spoke subsequently sought to minimise the treatment they had received. Charles Jones, the only black not freed in the first month of captivity, said all had been treated "like animals."

Marine Corporal William Gallegos explained that when he had said in an Iranian television interview not long after they had been seized that the hostages were receiving "good" treatment, he meant to indicate—and officials in Washington had picked up his inference—that treatment was only good by the Iranians' own standards.

Lieutenant - Commander Robert Englemann, the Marine attaché, added that as soon as the hostages boarded the Algerian aircraft in Tehran, "there was the ability just to close the door" on their suffering. But another hostage noted that it was difficult to adjust to freedom: one day his major preoccupation was to decide what to have with his daily rice and 48 hours later he was being embraced by the former President of the United States.

None of the hostages criticised the Carter Administration for its handling of the crisis. Nor would Mr. Laingen comment on whether they would have been freed earlier if Mr. Reagan, not Mr. Carter, had been President.

The New York Times yesterday carried the text of a diplomatic cable sent by Mr. Laingen from Tehran on August 13, 1979, 11 weeks before the embassy was seized. It laid out, with what proved to be uncanny prescience, the problems of negotiating with Iran.

The Persian preoccupation with self, he wrote, precluded an understanding of the other side's position; trust in negotiations would be next to impossible to achieve; linkage in bargaining was a concept neither readily comprehended nor accepted by Persians; statements of intent counted for almost nothing; given the Persian negotiator's cultural and psychological limitations, he was going to resist the very concept of a rational (from a western point of view) negotiating process.

Delay in compensation claims

BY DAVID LASCELLES IN NEW YORK

THE Reagan Administration which is trying to sort out the legal complexities of the deal which secured the release of the hostages held in Iran, yesterday asked for a 30-day delay in hearings on compensation claims by U.S. litigants.

There are some 380 cases in which companies and individuals are seeking several billion dollars' compensation for contracts allegedly broken or property allegedly seized

The Justice Department said yesterday that the Administration wanted extra time to compete its review of the legal implications of the deal signed by the Carter Administration. There have been suggestions that the former President exceeded his authority by ordering the transfer of Iranian assets which had been attached by U.S. litigants.

The department wants hearings to be suspended until February 27, after which it would like a schedule established for both sides to put their case.

In the New York court where 96 claims have been consolidated in the largest single proceeding in the Iranian compensation case, agreement was tentatively reached yesterday on a 30-day delay. But it was later dropped after some lawyers objected. It was not known immediately how other courts would react to the request.

Brown wins £25m gas turbine contracts

By Hazel Duffy, Industrial Correspondent

JOHN BROWN Engineering has secured £25m worth of export contracts for gas turbine package projects, which will help to maintain employment at its Clydeside works in Scotland.

The orders, the first major contracts to be taken by the company for nearly a year, consist of four 25MW gas turbines for the Gadong power station, which is to be commissioned by the Government of Brunei in summer 1982; one 25MW packaged power plant for the Hindustan Fertiliser Corporation of West Bengal; and two 25MW packaged gas turbine generating sets for the Greater Rima Development power station in Oman.

John Brown Engineering, part of the John Brown group, has found it difficult to secure orders in the conditions of oversupply in the gas turbine markets worldwide that has prevailed for the past couple of years. The problem has been made worse by the high costs in British industry and the high value of the pound.

The decision made recently to ask for 75 voluntary redundancies (on top of 460 at the end of 1979) has now been withdrawn in the light of the new orders.

Only one of the seven turbines—that for India—is being supplied from stock. The rest will be built during the current year.

Anti-dumping move on styrene

By Sue Cameron, Chemicals Correspondent

THE EUROPEAN COMMISSION is expected to put a provisional anti-dumping duty of only 4 per cent on U.S. exports of styrene—far lower than the 26.4 per cent demanded

Commission officials have been investigating alleged U.S. dumping of styrene in Europe for over six months and major chemical companies are bitterly critical of the time the study has taken.

Claims that U.S. producers were dumping styrene in Europe were put forward in the summer by the Council of European Chemical Manufacturers' Federations

The European contract price for styrene was then $769 a tonne while the European spot price for styrene made on the Continent or in the UK was $690 to $690 a tonne.

JAPANESE-BUILT VEHICLES ALMOST DOUBLE MARKET SHARE

West German car registrations fall

BY STEWART FLEMING IN FRANKFURT

NEW CAR registrations in West Germany slumped 7.5 per cent in 1980 to 2.4m units. In spite of this overall decline, however, the market share of Japanese-built vehicles almost doubled, reaching 10.4 per cent compared with 5.6 per cent in 1979.

As a result, Japanese-built cars have captured the leading position among importers, overtaking the French with a market share of 9.4 per cent.

The slump in new registrations continued to the year-end with a decline of 13.6 per cent in December compared with November. On the other hand the December registration level of 139,000 new cars was considerably higher than in December, 1979, when only 123,000 new cars were registered.

In spite of some evidence that the slump in car production may be nearing its low point, economists remain cautious about forecasting a recovery in demand, and the manufacturers themselves are keeping production schedules tight.

A recent Deutsche Bank report discounts the prospect of an early recovery in demand for cars in the first half of the current year, but suggests that in the second six months replacement demand and the introduction of more fuel efficient models could give car production a boost.

It adds that, unlike earlier years, export sales did not materially help to offset the weakness in domestic markets,

MAIN PRODUCERS OF NEW REGISTRATIONS

	1980	1979
VW/Audi	736,109	827,208
Opel	411,076	483,328
Ford	252,044	311,921
Daimler-Benz	249,249	242,848
BMW	138,928	153,923
Renault	113,995	130,375
Fiat	87,737	97,711
Toyota	58,893	32,506
Nissan/Datsun	51,503	31,979
Citroen	46,891	50,655
Toyo Kogyo Mazda	46,727	32,398
Honda	43,051	28,693
Mitsubishi	41,605	20,725
BL	6,712	11,696

although in important markets German manufacturers held their position reasonably well.

The outlook for exports in 1981 is uncertain. Weakening foreign economies point towards difficult export conditions, but the decline in the value of the Mark on the foreign exchange markets offers the prospect that German cars will be more competitive.

Amongst individual German manufacturers only Daimler-Benz was able to increase the number of registrations. Its market share rose from 9.3 per cent to 10.3 per cent.

This was achieved even though it was the 1.5-3 litre engine capacity vehicles which were particularly hard hit by Japanese competition. VW/Audi's market share fell from 31.5 per cent to 30.3 per cent, Ford of Germany from 11.0 to 8.6 per cent and Opel from 17.9 per cent to 16.6 per cent.

U.S. warns Tokyo over car export curbs

TOKYO — The Reagan Administration has warned Japan that any agreement restraining car exports to the European Economic Community could hamper Japanese access to the U.S. market.

Mr. Bill Brock, newly appointed U.S. Chief Trade Negotiator, has told the Japanese Ambassador in Washington that Japan should avoid such an agreement or face demands for curbs in its exports to the U.S.

U.S. officials indicated that the caution was timed to coincide with the opening of talks between Japan and the European Common Market yesterday.

The mission, headed by Sir Roy Denman, the EEC Commission's Director-General for External Affairs, is in Tokyo to ask Japan to curb its exports, particularly cars and electronic goods, and let European concerns increase their sales to Japan.

The EEC is trying to win Japanese co-operation on trade restraint to take the pressure off Europe's depression-weakened industry.

Japan had a $10bn trade surplus with the EEC last year, up from $7.1bn in 1979, according to European statistics.

Japanese car exports to the Community rose 19 per cent in the first eight months of 1980 to $1.6bn increasing sales of electronic goods have caused concern about the survival of EEC industries.

The EEC wants Japan to step up purchases of European manufactured goods to help narrow the trade imbalance.

At the same time, Mr. Lane Kirkland, the U.S. labour leader, told Japanese labour officials yesterday that auto imports were "a principal cause of the U.S. auto industry catastrophe" and steps to stem the flow of imports were "essential to the future economic health of the U.S."

Mr. Kirkland, president of the AFL-CIO, told the Japan Institute of Labour that his 17m-member organisation favoured restrictions on auto imports because "a healthy auto industry is vital to the technological and economical growth of the U.S."

Agencies

Banks agree $200m Airbus loans

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

LOANS WORTH nearly $200m (£87m) to finance purchases of European Airbuses have been agreed by a group of European banks, headed by Midland Bank International of the UK.

A $123.25m export credit for Philippine Airlines to support the purchase of three A-300-B4 airbuses was signed in Frankfurt.

This loan will be provided by a group including Dresdner Bank, Bayerische Vereinsbank, Deutsche Bank, Westdeutsche Landesbank, Kreditanstalt Fuer Wiederaufbau, Credit Lyonnais, Banque Francaise du Commerce Exterieur and Midland Bank International.

A $70m credit for Thai Airways International was signed in Paris, also on Monday, to finance the purchase of two A-300-B4 Airbuses.

● Airbus Industrie expects Asian airlines to spend more than $10bn for new Airbus equipment within this decade, AP-DJ reports from Singapore.

● General Connectors Corporation of California, the U.S.-based aerospace subsidiary of Bestobell Limited of the UK, the controls, energy engineering, aviation and consumer products group, will supply specialised duct assemblies for the Boeing 757 aircraft amounting to $3.4m.

South Africa vehicle sales climb by 30%

By Quentin Peel in Johannesburg

MOTOR CAR sales in South Africa reached a record 277,058 vehicles last year, an increase of almost 30 per cent on the previous year. Commercial vehicle sales, dominated by the Japanese, also showed a substantial improvement, up 26.7 per cent from 100,797 to 127,698.

Volkeswagen came out just on top for total sales in the passenger car market, with 55,186, or almost 20 per cent of the market, just ten vehicle sales ahead of the Sigma Motors which manufactures Mazda, Peugeot and Citroen models in South Africa. Third in the passenger car market was Ford, with 41,442 sales, or 14.9 per cent, followed by Datsun and Toyota.

Top of the commercial vehicle sales was Toyota with 34,840, or 27 per cent.

Decision soon on India Jaguar contract

BY K. K. SHARMA IN NEW DELHI

THE INDIAN GOVERNMENT expects to announce its decision on revision of the £1bn contract with British Aerospace for manufacture of the Jaguar fighter before Mrs. Margaret Thatcher the British. Prime Minister, visits India in April.

It is expected to cancel the final part of the contract that provides for the manufacture of 115 Jaguar aircraft at the Bangalore complex of the government-owned Hindusthan Aeronautics.

There is pressure from the British Government not to take this decision. If it is delayed beyond April, New Delhi will face the embarrassment of having to discuss the matter

The main reason for the change is the government's decision to develop and manufacture a "light combat aircraft." British Aerospace is to be invited to offer collaboration.

Rhys David reports on a Cumbrian company which makes defence equipment

'Hush-hush factory' plays key role

"WE WOULD NOT claim to be the world's best marketing men, but we are excellent engineers," asserts Mr. Fred Oxley, founder and chairman of Oxley Developments, a small and largely unsung Cumbrian company which for the past 40 years has played a key role in Britain's defence industry and its overseas sales.

From a series of buildings spreading out from a Victorian mansion on the edge of Ulverston, Oxley makes sophisticated, small-volume electronic components and systems, many of which are otherwise available only from the U.S.

About 300 people are employed on the site—roughly 20 per cent of them skilled engineers and scientists—making products which eventually find their way into complex defence equipment such as the Ptarmigan battlefield communications system, into telecommunications, space research, and the nuclear industry.

Turnover is around £3m and direct exports are around 25-30 per cent, rising possibly to as much as 75 per cent when indirect sales through customers such as GEC, Plessey, STC and Racal are taken into account.

In Ulverston Oxley is known as the hush-hush factory, partly because so many of its products are covered by the Official Secrets Act, but also because the company's policy of self-sufficiency has resulted in only limited contact with other local industry.

Oxley Developments was established shortly before the First World War to provide a UK manufacturing source for vital radio components at the time only obtainable in Germany and soon-to-be occupied France. The company was sent to the fringes of the Lake District to be away from possible bombing, and with communications then not as good as they are now had to develop the capacity to make virtually all its own parts.

The policy of self-sufficiency is carried on for another reason. "People depend for their lives on our products, so we need to make them to our own standards of reliability," Mr. David Maguire, sales director, points out.

For its ceramic parts the company starts from powder, and it also carries out its own plastic moulding. Its machined parts, many of them very small indeed, are made on a range of expensive, high-precision Swiss machines and then covered with brass, silver, palladium, or gold in the company's own electroplating department.

Oxley's original product, trimmer capacitors, still accounts for about 30 per cent of sales but to this has now been added insulators, specialised plugs and sockets, instrumentation display lamps, and plugboards. The new products and the development of older ones have emerged from the company's own research and from customers' suggestions.

"The blue chip electronic groups come to us and say that they have a need for a certain product which they think we can develop, or that a particular item is currently only available in the U.S.," Mr. Oxley comments.

The privately-owned business has grown steadily to its present turnover reflecting a cautious approach towards expansion into new fields or away from the Cumbrian base. In its 40 years of existence, however, Oxley has never had to declare any of its employees redundant.

Part of the reason for this stability is the relative constancy of defence business which is not subject to the same vagaries as consumer markets.

Nevertheless this does not mean, Mr. Maguire points out, that Oxley is in any way sheltered from wider economic problems. The company has had to contend over recent years with steep rises in the price of gold and other metals for its plating operations, and the moratorium on defence purchasing imposed by the Government in August last year affected Oxley's customers, who in turn found it necessary to delay their purchases.

The low U.S. dollar over recent years has also enabled American companies to compete much more aggresively in the UK.

In deciding how fast to grow, the company's first priority is not to put at risk what has already been achieved in the Cumbrian countryside. "I am lucky in that my work here is also my hobby," asserts Mr. Oxley, himself a qualified radio engineer.

To the peasants of the southern state of Chiapas, oil is a curse, not a blessing, writes **William Chislett**

Mexico's farmers take on the power of Pemex

THE LAGOON between Sr. Gregorio Vasconcelos's smallholding and the Cactus petrochemical complex, in the southern state of Chiapas, mirrors the gulf between rich and poor in Mexico.

The lagoon's surface is black with oil. The air is heavy with sulphur and clouds of black smoke. Orange flames of natural gas light up the jungle.

"Our cattle have died from drinking here, and the productivity of our crops has dropped," said the farmer. "We have not received a peso in compensation. The oil workers are ruining us."

The corrugated iron roofs of the huts at the Ejido (state-owned smallholding) of El Carmen, where Sr. Vasconcelos lives, have been eaten away by chemical fallout from Cactus.

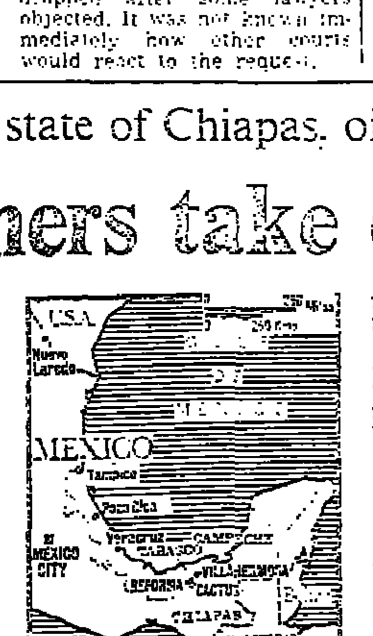
Last week, Sr. Vasconcelos and 12,000 other peasants blocked the entrance to the petrochemical plant and to oil fields for two days in protest against Pemex, Mexico's state oil company. Some workers had to be ferried into the plant in helicopters to prevent it coming to a halt.

The area produces two-thirds of Mexico's natural gas, 300m cubic feet of which is sent to the U.S. every day through a 774-mile pipeline. About 1m barrels a day of Mexico's total oil production of 2.3m b/d comes from Chiapas and the neighbouring Tabasco state.

The unprecedented incident strengthened the infamous reputation Pemex has earned as it pushes ahead with getting as much oil as it can out of Chiapas with scant regard for the people there.

The peasant's blockade was peaceful, but only because Pemex, realising things could easily get out of hand, hastily agreed to meet the peasants' long-standing demands for better compensation than the trifling amounts paid in the past.

"Pemex had to give in," said Sr. Ramiro Torres, Mayor of Reforma, the area most affected by Pemex. "Otherwise who knows what might have happened. The peasants are fed up and their patience is exhausted. They've waited long enough."



The peasants have given Pemex until February 19 to start to meet their claims, which range from compensation for land seized for oil exploration to polluting water and damaging roads. "If they don't," said Sr. Vasconcelos, "then we will be out again. We would rather die with our machetes in our hands than give in."

Peasants are now filing their claims, some of which date back to 1976 when Pemex started to raise oil production in Chiapas. The company, which this year is expected to earn $15bn from oil exports, has opened a bank account in the town of Reforma to pay compensation.

For two families, in particular the Pemex agreement should represent the end of a great deal of suffering.

On December 12, 1978, Francisco Juarez Navarro, aged 12, returned home to his thatched hut in a banana plantation on the San Miguel Ejido carrying a radio-active capsule. Intrigued by the light the capsule was emitting, Francisco and his family played with the capsule as if it was a toy. He put it in his mouth. Francisco later had to have his right leg amputated. In all 12 people came into contact with the capsule, used for oil exploration.

Pemex has not merely damaged the environment. The oil wealth it has created has increased the social strains lying just below the surface.

Income distribution in Mexico is one of the most uneven in the world, but despite this Mexico has been more or less at peace with itself since the ruling Institutional Revolutionary Party was founded in 1929. The party has given the underprivileged a sense of political identity, but has done next to nothing about their economic condition.

The World Bank estimated in 1977 that the top 20 per cent of households received 57.7 per cent of Mexico's income, while the bottom 20 per cent received 2.9 per cent.

Student riots during the 1968 Mexico City Olympics, when several hundred were killed, shocked the ruling party into allowing more political flexibility, while President Jose Lopez Portillo has said he aims to use oil income to repair economic inequities.

In the short term, however, Chiapas is a microcosm of how sudden wealth affects an under-developed society. The peasants used to earn the state's principal income—with coffee, cocoa, cattle and tropical fruit—until Pemex arrived.

Now prices have shot up. A bottle of Coca-Cola, practically a staple item in Mexico, costs Pesos 8 (14p), compared with Pesos 3 (5p) in the capital. But higher food prices have not filtered down to the peasants in the form of higher income, and with oil production affecting fertility, many farmers have had to leave the land.

An ordinary unskilled worker for Pemex can expect to earn at least three times the minimum daily wage in Chiapas of Pesos 130 (£2.45).

But often the peasant has to buy his "place" in the oil union and when his contract expires he has to pay to keep his job. Pemex employs about 103,000 people, of whom some 58,000 are permanent and the rest "transitory." A large number are "ghost workers," who owe their job to friends or relatives in the Pemex hierarchy. The peasants call them "aviators" since they only "touch down" in Chiapas to get their pay cheques.

Pemex is draining labour from the important task of boosting food production in Mexico, which is falling behind the annual population increase of 2m, necessitating large food imports.

Glyn Genin

The influx of oil workers, above, has led to higher prices, making life even harder for the peasants.

The way in which the Chiapas dispute is solved and the ability of the peasants to live amicably with the oil workers will be an indicator of the future course of relations in Mexico between the privileged and the less fortunate.

Eight onshore petroleum search licences awarded

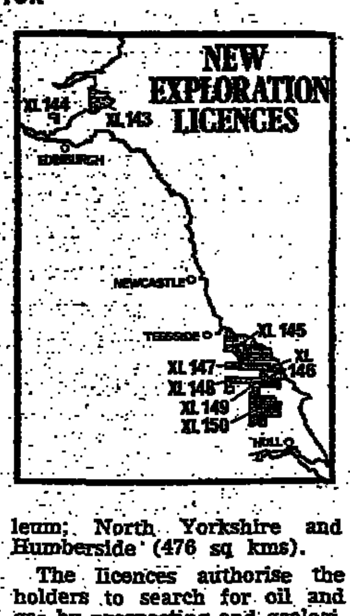
BY RAY DAFTER, ENERGY EDITOR

THE SEARCH for oil and gas on shore in the UK is to be boosted by the award of eight new petroleum exploration licences.

Six oil groups were given Energy Department approval yesterday to conduct initial exploration work on a total of 2,082 sq kms in Cleveland, North Yorkshire, Humberside, Fife, and Tayside.

The licences were:

- XL 143: Premier Consolidated Oilfields; Fife (215 sq kms).
- XL 144: North Sea Petroleums and Pacific Basins (UK); Fife and Tayside (25 sq kms).
- XL 145: Shell UK; Cleveland and North Yorkshire (500 sq kms).
- XL 146 and 148: Clyde Petroleum; North Yorkshire (545 sq kms).
- XL 147 and 149: Taylor Woodrow Energy, RTZ Oil and Gas, Haoma North West Oil and Gas (UK), James Finlay and Co., and Candecca Resources; North Yorkshire (321 sq kms).
- XL 150: Amoco UK Petroleum; North Yorkshire and Humberside (476 sq kms).



The licences authorise the holders to search for oil and gas by prospecting and geological survey. They can drill to a depth of not more than 350 metres to obtain geological information.

If they want to drill for oil or gas, they must apply for production licences.

The exploration licences are valid initially for three years. They may be renewed for a further three years.

Yesterday's award brings to 112 the number of exploration licences in force. In addition, companies hold 36 production licences and 14 mining licences which permit the drilling of oil and gas wells.

Oil production from onshore concessions is modest by North Sea standards. Some 240,000 tonnes of oil was produced from onshore fields last year, compared with about 80m tonnes from the UK's North Sea sector.

However, the amount of oil produced from landward fields in 1980 was double that produced in 1979, mainly because of the development of the important British Gas/British Petroleum field at Wytch Farm in Dorset.

Offshore exploration will soon receive a new boost when the Energy Department announces companies which have bid successfully for some 50 licences being issued in the seventh round of concessions. An announcement is expected by the middle of next month.

The Department has already allocated 42 "premium" blocks under seventh-round terms.

Big stores switch to pumps for heating

By Maurice Samuelson

SUPERMARKET chains and department stores are turning increasingly to heat pumps in preference to oil or gas central heating.

The pump works like a refrigerator in reverse, using a *compressor to transfer heat* from a low grade heat source and upgrade its temperature. It is said to be about three times more efficient than a conventional electric fire which produces about 1 kilowatt of heat for the equivalent amount of power.

Tesco, Key Markets and MFI, the furniture group, are among *leading customers which* say heat pumps are reducing their fuel bills.

Tesco is putting heat pumps into all its new stores. Last year, it decided to spend £¾m on equipment for 12 new stores. Five of the pumps have been fitted. It plans to open 16 stores in the next 12 months and all will have heat pumps.

The choice of heat pumps was made in 1979 after the Gas Corporation decided to cut the number of new sites being supplied.

The gas shortage is no longer as acute as it was, but Tesco says heat pumps are competitive with gas as well.

Energy prices likely to rise substantially

BY SUE CAMERON

INDUSTRIAL energy prices in the UK are set to rise "substantially" this year, according to a new set of forecasts published today.

The study* from Cambridge Information and Research Services, says industrial and commercial companies should budget for a "full 15 per cent increase" in the price of oil products such as fuel oil.

It predicts that manufacturers will have to pay at least 20 per cent more for their electricity and coal prices could well rise by between 15 and 20 per cent.

The study says that since 1978 industrial oil product prices have more than doubled. Those for coal and gas have risen by more than 70 per cent—despite the heavy fall in demand last year caused by the recession, the comparatively warm weather and greater efforts to save energy.

It forecasts a further drop in energy demand this year of about 3 per cent but, despite this and widespread protests against industrial energy pricing, "fuel prices will continue to rise ahead of inflation."

The study says many UK manufacturers have been paying significantly higher prices for gas and electricity, and to a lesser extent for heavy fuel oil, than their Continental competitors. Gas prices are 20 to 40 per cent higher and electricity up to 35 per cent more.

- The National Federation of Clay Industries has called on the Government to abolish the £8 a tonne fuel oil duty—one of the highest in Europe—in its next Budget.

* *Energy for Industry and Commerce 1981: Cambridge Information and Research Services; The School House, Heydon, Royston, Hertfordshire: £15.*

Orkney to be first wind power site

BY MARTIN DICKSON, ENERGY CORRESPONDENT

BRITAIN'S first large-scale wind-powered generator is to be built on Orkney. The machine will be more than 220 feet high, generate about 3MW of electricity and could be in operation by 1983/84.

Announcing the go-ahead, Mr. David Howell, the Energy Secretary, said yesterday: "This project is an important step in the development of wind power in the UK and will enable us to gain experience of the basic problems of aerogenerators through the development of a large prototype."

The Government is to provide up to £4.6m of the £5.6m cost of the scheme. The remainder will come from the North of Scotland Hydro Electric Board, which is responsible for electricity supplies on Orkney.

The main contractor for the project will be the Wind Energy System Group, comprising Taylor Woodrow Construction, British Aerospace Dynamics Group and GEC Power Engineering.

The machine will be at Burgar Hill, Orkney, where the Wind Energy System Group is already involved in the construction of a smaller, 250 kW prototype, due to come into operation in October. A 22 kW experimental machine has been working on the island since December.

The Hydro Board is leading the development of windpower in the UK because this appears particularly suited to the Scottish islands. They are windy and are at present supplied by expensive diesel generators.

The power supplied by windmills will remain small compared with Britain's energy needs. Up to 2,000 machines would be required to match the output from one large power station.

Six cities compete for first heat and power project

BY MARTIN DICKSON, ENERGY CORRESPONDENT

SIX CITIES have been recommended to the Government as contenders for Britain's first major combined heat and power (CHP) project. They are Glasgow, Newcastle, London, Sheffield, Belfast and Liverpool.

The names are in a report by W. S. Atkins and Partners, the engineering consultants commissioned by the Energy Department to draw up a short list of cities from 25 interested local authorities.

Atkins said Glasgow, Newcastle and east and central London were the most attractive of the six.

The report is the first stage in a three-year Government programme to select one or two cities as pilot CHP areas.

CHP involves taking reject heat from power stations, in the form of hot water or steam, and using this to warm buildings in the neighbourhood—a substantial saving of energy.

After consulting with local authorities the Energy Department is expected to announce its own short list during the next few weeks. This will not necessarily be the same as Atkins'.

Honeywell calls for energy-saving plan

BY MAURICE SAMUELSON

THE LACK of a national energy saving strategy is partly to blame for falling investment in energy conservation equipment according to Honeywell, the international computer and electronic controls group.

Mr. Cyril Cowell, sales director of Honeywell Control Systems, said effective energy management could save the UK about 70m barrels of oil a year, equal to 35 days of peak North Sea production.

He told a London Press conference, however, that the UK had achieved only 1 or 2 per cent of her potential savings since the start of the energy crisis in 1973.

Complaining about the effect of public spending cuts and the recession on conservation spending over the past year, he called for a long-term national plan based on achieving a 15 per cent improvement in efficiency through the 1990s. In the public sector this would mean making separate allocations for conservation projects.

Honeywell Control Systems, which employs 2,600 people in the UK, is clearly worried about the effects of the recession and Government spending cuts. These had hit between 30-35 per cent of the projects which Honeywell had expected to proceed, and could also influence its own investment plans. Some big projects for the private sector had been "put on ice" and a new look was being taken at public sector contracts.

Some of Honeywell's biggest contracts have been for "building management systems," which provide centralised sensitive control of heating and other services for large groups of buildings.

Honeywell has installed 60 of its "Delta 1000" building management systems in the UK since 1974.

W. Yorks job losses at 21,000

By Rhys David

THE NUMBER of new jobs created in the Kirklees area of West Yorkshire — the area *around Huddersfield* — in the 15 months to December was only four for every 100 lost.

Elsewhere in the county the job replacement ratio was seven for every 100 lost in Leeds, 11 in Calderdale (the area around Halifax), 24 in Bradford and 39 in Wakefield.

The figures, in the latest economic trend report, published by the county council, reveal a total job loss in the area of 21,000 with a creation of 2,800 opportunities in the same period.

The county, which is seriously concerned at the likely effect of the loss of assisted area status from August next year (with the exception of Bradford), says that in comparison with other parts of the country where large plants have been closing, West Yorkshire's problem has been the cumulative effect of small scale closures.

The 21,000 jobs lost have been in 69 factory closures and 196 partial closures—an average of 78 job losses per announcement.

The county continues to press Ministers to review the proposed loss of assisted area status under the Government's regional policy, but has so far failed to make progress.

West Yorkshire is particularly concerned about the greatly reduced priority which will as a result be given to schemes put forward by the county for EEC support under the European Regional Development Fund. Most of the resources *will* be channelled towards development and special development areas.

Low income health to be studied

By Robin Pauley

MORE THAN £500,000 will be spent in the next six years on research into health problems of low-income groups in Manchester and Salford.

The Department of Health and Social Services is funding the study by Manchester University. Scientists will test whether more wealth means better health.

Mrs. Jo Wood, a senior research fellow at the university, said people in inner urban areas faced a higher incidence of mental health disorders, deaths from bronchitis, dysentery, infant mortality and illegitimate births.

The survey will begin with doctors. They will be asked about their training, practices, the services they offer and their attitudes to health problems. Patients' views will then be sought.

Mrs. Wood *said* there had been problems in inner city areas since the start of the National Health Service in recruiting and attracting people to work in unattractive areas.

Concern about inequalities in health care was expressed in the Royal Commission Report on the National Health Service and the DHSS working group under the chairmanship of Professor Sir Douglas Black, former professor of medicine at Manchester and chief scientist to the DHSS.

There has been little statistical data about the extent or nature of variations in *medical services* in inner urban areas compared with other areas.

Britain's first Salesman of the Year is Italian

BY MICHAEL THOMPSON-NOEL

BRITAIN yesterday named its first Salesman of the Year. He is a spaghetti-loving Italian. Mr. Germano Ercole, 48, led the sales campaign that won a £2m contract for CCL Systems of Surbiton, Surrey. It was to supply 12,700 tons of high-tensile steel strand, used to construct pre-stressed concrete, for the Jeddah-Mecca Expressway.

Born in Rapallo, Italy, Mr. Ercole has worked in Britain for the past 19 years, 18 of them for CCL Systems, part of the Foseco Minsep Group.

His preferred foods are spaghetti and pasta, though he says the demands of high-pressure selling call for a steak-based diet—and no drink.

He won the Salesman of the Year Award sponsored by British Airways and the Institute of Directors, established to honour "outstanding enterprise, ingenuity and initiative."

The sale of pre-stressed concrete equipment was said by the judges to be one of the most competitive in the construction industry. Mr. Ercole's campaign involved negotiations with two major consulting companies, four contractors, two specialist sub-contractors and two agents, in five countries.

The runner-up was Mr. Joe Buckner, marketing vice-chairman of Cherry Valley Farms, Rothwell, Lincs.

Mr. Ercole's prize is a course at Harvard Business School.

He is paid a salary plus commission, though CCL denies that his earnings are as high as £50,000.

Replacement of N. Sea gas pipes to cost £40m

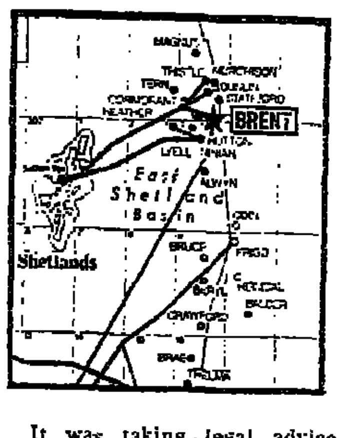
BY RAY DAFTER, ENERGY EDITOR

SHELL AND ESSO are to spend £40m to £50m on replacing two *defective North Sea pipes which* have never been used. The pipes—oilfield "risers"—were designed to carry natural gas between a platform in the Brent Field and the seabed.

They are of 30-inch and 36-inch diameter and were to be commissioned later this year when Brent gas begins to flow to St. Fergus, Scotland, through a new pipeline system.

Shell, the operator of the field—the biggest oil and gas *discovery in the UK—said last* night that inspection had revealed that some welds on the gas risers were potentially susceptible to brittle fracture. This would jeopardise the long-term integrity of the system.

It had been decided to replace the pipes. The alternative would have been regular inspection, a "cumbersome" operation of considerable complexity requiring costly interruptions in production, Shell said.



It was taking legal advice about a possible claim against companies involved in fabricating and installing the riser system.

The main contractor, a Scandinavian company was unavailable for comment last night.

Other companies were associated on a sub-contracting basis.

McDermott's has been awarded a £300,000 contract for fabricating two new risers. A *large* part of the estimated £40m to £50m investment will go on installation work. Shell said it would involve complicated diving operations.

The replacement work had started and was expected to continue until summer next year.

Shell said the supply of natural gas and gas liquids would not be affected. Operations through the Far North Liquids and Associated Gas *System (FLAGS), between* Brent and St. Fergus, would begin late this year.

While the risers were being replaced, gas would be pumped *into the system from the other* three production platforms in the Brent Field.

● Premier Consolidated Oilfields and Conroy Petroleum and Natural Resources have agreed to form a consortium to bid for oil and gas exploration licences offshore Ireland.

A firmer feel planned for the pound in your pocket

"THE pound in your pocket" has suddenly assumed a new significance, writes Tim Dickson. In a Commons written reply yesterday Sir Geoffrey Howe, the Chancellor of the Exchequer, unveiled plans to introduce a new 20p coin next year and a £1 coin, which will *gradually replace notes, some* time in 1983.

Both coins will have the same diameter, 0.87 in. (22mm), which is slightly less than the present 5p piece.

The 20p will be shaped like a 50p piece, while the £1 will be more like the old sovereign. It will consist of yellow-coloured alloy, and among other distinctive characteristics it will have an unusually thick edge.

The recommendations, which *have been made by the Royal* Mint, represent the first major changes since decimalisation in 1971. Although in principle the Government's decision is *irrevocable there is likely to be* extensive consultation about the precise timing and the specifications of the new coins.

The £1 coin will be a major benefit to vending and ticket machine operators, who have been pressing the Government to effect its introduction.

A spokesman for London *Transport welcomed yesterday's* announcement. The proposed specifications would involve the minimum adaption of existing ticket machines on the Tube, *and should speed up the process* of buying a ticket.

The British Amusement Catering Trades' Association, which represents 1,600 manu*facturers and operators of* gaming and amusement machines, was also pleased. BACTA, however, would prefer a larger specification—it has suggested a diameter of 27.5mm—in order to distinguish the £1 from Continental coins.

Explaining the background to the changes, the Royal Mint says there is "strong evidence that a 20p or 25p coin and a £1 coin will be needed within the next three years.

"*The £1 now has less pur*chasing power than the old 10 shilling note when it was replaced by a 50p coin in 1969 and its equivalent in several major foreign currencies is a coin.

"The £1 coins will be cheaper to maintain in circulation than notes, and they will widen the range of goods which can be sold through vending and ticket machines."

On the demand for a 20p, the Mint comments, "More 10p pieces are required today than were needed in 1972 to buy the same goods, but the 50p is too high a denomination for many of these transactions."

In considering the exact specifications of the new coins the Royal Mint has tried to satisfy what it feels are the various requirements of a good system.

Coins, for example, should be easily distinguishable both visually and by touch; they should command respect: they should be made so that counterfeiters cannot easily imitate them: and they should if possible be small and light.

This last condition is particularly important since the Mint concedes that the UK coinage is too heavy by international standards.

Weight relationship, with the 2p twice as heavy as the 1p, and the 10p twice as heavy as the 5p, has made UK coins bulkier than they are in, for example, the U.S. and West Germany.

The introduction of the 50p in 1972 significantly added to the average weight of a pocketful of change. A survey in 1979 showed that on average people tend to carry 81p, made up of 11 or 12 coins, weighing about 3 oz (34 gms).

The introduction of a 20p and £1 coin will clearly increase the average weight of the coinage, though the Royal Mint points out that compensations elsewhere will reduce the *extra* burden. An extra 10 per cent is expected to be added to the weight of an average pocketful of change.

A 20p rather than 25p coin is firmly favoured because research shows that it would take more 10ps out of the system. The latter accounts for about 32 per cent of the total weight of the coinage.

The impact of the £1 coin *can be reduced* by not immediately replacing all notes with coin.

Discussing other constraints to change, the Royal Mint says it is not practicable to introduce a new system overnight—the public would be confused, costs would be excessive and the Government would be left with a vast stock of old coins.

Any change must therefore involve the gradual phasing in and out of coins.

Another important point is longer term development, and the new coins were apparently chosen with this in mind. *The proposed £1 coin, for example*, is sufficiently small to allow for similar but larger yellow coins with £2 and £5 denominations if the need arises.

Logically, the diameter of the new 20p should be somewhere between the diameter of the 10p and the 50p. There is, however, no "slot" in this range which would allow for clear differentiation.

The proposed "slot" was provided in the existing cupro nickel range by the Decimal Currency Board in 1971. Anything larger than the 50p would clearly be too big, which is why the Mint opted for a smallish £1 coin in a different alloy.

Pre-empting criticism that two new coins with the same diameter would be confusing, the Mint has opted for a smallish the Mint argues that it is entirely practicable "as long as other features are different."

Besides being thicker, the £1 coin will have different edge characteristics than the 20p, while its weight, shape, and the topography of the reverse and obverse sides will also be different.

Where £1 coins are in circulation

BY ANTHONY MORETON

ALTHOUGH it is 66 years since the gold sovereign was withdrawn in Britain, £1 coins have been circulating recently in some parts of the British Isles.

They were issued in the Isle of Man in July, 1978, and in both Jersey and Guernsey last December.

When the Manx Government issued its round pound, a coin a little larger than the UK 1p, in July, 1978, it went to great lengths to find a new metal, Viranium, from which to mint the coin.

Some 300,000 coins have been issued, but visitors to the Isle of Man hardly ever see them. By a careful policy of issuing the coins in small numbers at any one time the authorities have ensured that most of them are snapped up by collectors and withdrawn from circulation.

When Jersey issued its coin on December 2 last year it deliberately aimed at the collectors' market. It issued 200,000 square cupro-nickel coins with blunted corners.

The Jersey authorities knew that the Bank of England was near to announcing its £1 coin and that it would have to fall in line with the British size and shape since its vending-machine industry is based on British experience.

Guernsey, which issued its gold-coloured nickel-silver £1 coin a fortnight later, took the view that the coin should be a commercially acceptable unit.

The Guernsey authorities were surprised at the antagonism towards the new coins.

Local banks do not like handling them, since it means having monetar yunits from three countries—Britain and Jersey are the others in their tills. The public's reaction has also been hostile.

London shops to sell bus passes

BY LYNTON McLAIN, TRANSPORT CORRESPONDENT

LOCAL SHOPS in parts of London are to be used as sales outlets for new, weekly bus passes for unlimited use on London Transport bus services, from Sunday.

The new passes will be sold only in the Barnet and Croydon suburbs of London, but this will be the first time shops have been used to sell public transport tickets in London.

In Paris, similar schemes have been in widespread use for many years as a way of making it easier for people to use public transport.

The weekly passes in London will also be sold directly to passengers on buses operating through the boroughs, but will be valid for travel over wide areas in the Greater London Council area.

The tickets will be valid for seven days, starting on any day of the week. Underground train tickes, already available, are valid only for seven-day periods starting on Sundays.

The passes and their availability on buses and through local shops are part of a series of experiments London Transport is about to start.

These will test market new ideas for increasing revenue from the buses at a time of declining number of bus passengers.

London Transport has forecast that the volume of passengers likely to be carried on its 6,400 buses this year will be four per cent down on the volume in 1980.

This would follow a five-year period of steady decline in the popularity of the London bus, which operated over 3,000m passenger miles—a measure of bus activity—in 1975 compared with 2,591m passenger miles in 1980 and a forecast of only 2,467m passenger miles this year.

The weekly bus pass and its widespread availability is the first of the experiments to test ways of raising revenue from bus operations.

Others, to be announced in the Spring, include flat fare schemes for large areas of London.

At the same time, London Transport is planning to cut costs and is almost certain to axe 13 uneconomic routes in the outer London suburbs if agreement cannot be reached with the local authorities on proving revenue support for these bus routes.

These cuts will contribute to the plan by LT to cut its bus services by five per cent this year. More cuts are almost certain for 1982, as LT attempts to match capacity more closely to demand.

New Princess faces tough market

BY JOHN GRIFFITHS

BL HAS LAUNCHED improved versions of its Princess range with the aim of capturing a larger slice of the fleet market. The Princess accounts for about 1 per cent of new car registrations. With the Princess 2, BL hopes to increase its penetration by about 50 per cent.

Mr. Peter Johnson, the new director UK operations, says that the fleet market is facing one of its most difficult years in recent history.

"Fleet operators are simply not replacing their cars, and I see nothing over *the next six* months at least to indicate that it will revive."

After the fierce price-cutting campaigns of last year, Mr. Johnson said BL's stocks were under control "better than ever before," with an average of about three months' supplies.

While BL would offer incentives in response to what Mr. Johnson described as "highly competitive market conditions," it now appears highly unlikely that it will undertake any of the overt manufacturer's price cuts which heralded the onset of last year's price war.

With the launch of the Princess, BL has overhauled most of its cars in the fleet sector in the past six months, notably the Ital and Rover. The Metro is faring better than expected in the fleet market.

Prices of the new range run from £4,787 for the basic 1.7 manual version to £6,482 for the top-line 2.2 litre six-cylinder HLS model.

● Prices of the luxury sporting Maserati and De Tomaso cars are being cut by up to £6,466 by the UK importers, Modena Concessionaires.

The cheapest Maserati, the Merak, drops from £22,998 to £18,986; the De Tomaso Deauville drops from £29,937 to £23,471.

Modena, a subsidiary of International Motors of West Bromwich, which also imports Japanese Subaru vehicles, says the cuts were made as a result of the favourable move of sterling against the lire—it has risen by about 20 per cent in the past 12 months—and because of price cuts by makers of rival Italian sports cars.

Building materials trade hit

By Andrew Taylor

BRICK DELIVERIES fell by 17.4 per cent last year, and home cement *deliveries* by 6 per cent, according to provisional figures published yesterday by the Government.

The outlook for building material producers and merchants is expected to worsen in 1981. Nearly 60 per cent of builders' merchants answering the state of trade survey by the Builders Merchant's Federation expected sales to fall further this year.

More than 65 per cent expected a *fall of* as much as 12½ per cent in the first half compared with the same period of 1980.

Sales of bricks and cements continued to fall in the fourth quarter said Department of Environment figures. Brick deliveries were 33 per cent *lower than* in 1979 fourth quarter.

Cement deliveries were 22 per cent lower.

Last year's cement sales rose 5.6 per cent in the first half, and fell by 16.3 per cent in the second.

Wives 'earn 25% of family income'

NEED TO supplement family income is the main reason mothers work outside the home, said a survey yesterday by the Alfred Marks Bureau.

Britain has the highest proportion of wives who work outside the home in Europe. The bureau estimates women's earnings are at least 25 per cent of total family income.

Of about 600 married women interviewed in the survey last November, 57 per cent said they spent take-home pay on housekeeping: 46 per cent on "themselves;" 44 per cent on major household bills; 36 per cent on holidays; 34 per cent on home improvements; and 22 per cent on children.

Accountants drop debt plan

ACCOUNTANCY bodies have abandoned proposals which would have made group companies responsible for each other's debts. Their suggestion, in a paper submitted to the Department of Trade in 1979, met unexpected criticism from the *profession*.

Yesterday the profession told the Trade Department that legislation should not now be introduced to make parent *companies liable for debts of* subsidiaries without a formal inter-company guarantee. The law, they said, should be strengthened where a company acted so that a person might reasonably conclude that a parent-company guarantee existed.

The Garden can stay

A BID to close The Garden club, formerly Regine's, has failed. The London Borough of Kensington and Chelsea claimed The Garden, a favourite *night spot* with show business stars, opened in January 1979 without planning permission. Mr. Michael Heseltine, the Environment *Secretary*, overruled the council after a public inquiry.

Mr. Nandkishore Ram, who sold the club last month for £1m, said it did not need planning permission because it was already a restaurant.

'Keep sterling out of EMS' says Howe

BY DAVID MARSH

THE INCLUSION of sterlin in the European Monetary System would have damaged monetary stability within the EEC, Sir Geoffrey Howe, the Chancellor, said yesterday.

Setting out the Government's reasons for not bringing the pound into the Community's exchange rate mechanism, Sir Geoffrey said in a speech in Paris that Britain supported the EMS and was keeping the question of full membership "under review."

But upward pressure on the pound—"created largely by the existence of North Sea oil"—would have caused "considerable strains" to the system had sterling been a member. It might have led to two or even more re-alignments of currency rates in addition to the two that had already occurred during the scheme's 20-month life.

Addressing an audience at the Club d'Aujourd'hui, Sir Geoffrey stressed the Government's desire to lower the cost of the common Agricultural Policy.

Both France and Britain shared dissatisfaction with distortions that had arisen from the workings of the CAP. And it was essential to reform agricultural policy if the accession of Portugal and Spain was not to lead to further farm surpluses and still greater burdens on the Community budget.

Turning to the world economy, the Chancellor called on oil exporting countries to help non-oil developing countries *through* aid *and* direct lending to international institutions.

He said calls for massive direct transfers from rich to poor countries were based on "a misunderstanding of the development process."

On Britain's oil wealth, he said many Frenchmen overestimated the benefits of North Sea oil to the UK economy. Oil was of undoubted benefit. "But it certainly does not insulate us from the world recession," he said.

Move to isolate cars division

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE restructuring of BL proposed by chairman Sir Michael Edwardes will make it simpler to close the cars division should it become necessary.

The profitable Unipart, spare parts, and Land-Rover businesses are to be removed from BL Cars to stand on their own.

BL said this would enable the hard-pressed management team to concentrate more on the loss-making car operations.

Trade unionists pointed out yesterday that the separation would make it easier to close BL Cars if there was a prolonged dispute at one of the plants and the corporate plan had to be abandoned.

However, the separation process is legally complex and *it will take* several months before formalities are completed.

Some trade unionists see it as an aggressive move by Sir Michael, but inside BL management the mood is just the opposite. Sir Michael apparently plans to go ahead cautiously with the rest of the streamlining process and hopes that further job cuts in the UK will be voluntary *ones*.

This seems optimistic given an estimate that 10,000 more jobs might go on top of the 26,000 cut last year.

Sir Michael has *consistently* argued that he would not contemplate selling profitable parts of BL like Unipart and Land-Rover.

He will resist pressure to hive off the profit makers even more strongly in future because he sees these two companies in particular as useful bargaining counters in potential collaboration or partnership deals.

With the Government's promise of two-year funding for BL such deals should be less difficult to achieve.

During the next few years several collaborative deals with other vehicle makers are almost certain to be revealed—the corporate plan made *special mention of engines* and gearboxes.

Sir Michael believes that the more of these arrangements BL can complete the *more likely it will be to* ability in 1983 and being a viable entity within five to 10 years.

But it is clear that BL will not deliberately seek a partner for the whole cars division. And given the poor financial state of the Western motor industry there are likely to be few volunteers.

Landing fees row likely

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

DRASTIC revisions to the capital spending plans of the British Airports Authority are likely if the foreign airlines currently withholding increases in landing fees continue to do so for any extended period.

Following their disapproval of increased fees and other charges at Heathrow last year, 16 *foreign airlines* have withheld payment of the increases, pending court action against the Authority. The action seeks to prove that the increases are *excessive and illegal*.

The Authority responded with an application for an injunction of its own against those airlines. This is due to be heard on February 9.

Mr. John Mulkern, managing director of the Authority, said that if the airlines won their case and the Authority was obliged to accept that the increased fees stayed "out of circulation for the next three or four years," the option would be "some drastic revisions to our capital programme."

He said: "Much as we would regret it, there would be a serious effect on the standards *of comfort and service that we* and all the airlines—not just those in dispute—would be able to offer the travelling public.

"And let us not forget that we are not talking about this year's or next year's passengers. We have to invest in facilities to cope with the passenger growth in the mid-1980s."

Mr. Mulkern said that if the airlines were allowed to withhold the increased fees substantial sums would be sterilised *for a considerable period*. The Authority would be unable to invest in developing its airports, or pay for its day-to-day operations.

Mr. Mulkern queried whether the airlines concerned fully understood the consequences of their action.

Another senior BL manager quits

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

ANOTHER senior BL manager has quit the group. He is Mr. Frank Andrew, sales and marketing director of Leyland Vehicles, BL's truck and bus subsidiary.

His departure follows the recent restructuring of the BL commercial vehicle operations into three main product groups—*trucks and agricultural trac*tors, buses, parts.

The decision to restructure the business apparently also precipitated the decision by Dr. David Abell, former managing director of Leyland, to leave BL to concentrate on his personal interests, in particular the Suter Electrical company in which he has a *large shareholding*.

Mr. Andrew, 41, was an obvious candidate to succeed Mr. Abell. However, BL has brought back from Australia Mr. Ron Hancock to *be managing direc*tor of the newly-formed Leyland Group which is responsible for commercial vehicle operations both at home and overseas.

Mr. Andrew said *yesterday*: "I have been with BL for 12 years and it was obviously a great wrench to leave after all that time. But I want to pursue a career in general management. The opportunities were not presented by BL so I decided to leave."

Mr. Andrew, a cost and *management accountant, first* attracted attention when he was managing director of BL's subsidiary in Australia for three years.

He returned to the UK (and was succeeded by Mr. Hancock) to run Leyland's medium-light vehicle division in Scotland. But after only six months in *January, 1979, he was appointed* sales and marketing director when the commercial vehicle sales and marketing activities of BL world wide were centralised.

*Mr. Andrew was also chair*man of Leyland South Africa and a director of BL International.

Seamen's talks with Townsend Thoresen collapse

PAY TALKS between Townsend Thoresen and union representatives of its ferry crews in Southampton broke *down last night, thus dashing* union hopes of a second independent pay settlement in the national dispute with British shipowners, writes *Pauline Clark*.

The National Union of Seamen, which secured a settlement estimated at 16 per cent from Canadian Pacific Ships on Monday said talks *with the ferry company* failed because its demand for improved overtime rates was not met.

The company had been *blacked by seamen from last* week following its decision to lay off seamen involved in a strike aboard the Viking Venturer.

But the union had hoped that the company, which is in stiff competition with other cross channel ferry companies, would become the second to break away from *the hard line adopted by the* main body of shipowners over a 12 per cent pay offer rejected by the union.

Union leaders yesterday announced arrangements for bringing home strikers stranded in three European ports — a move they said would leave about 12 ships *unmanned except for officers*.

The National Union of Seamen said it was responding to requests from 200 to 300 seamen on strike bound vessels in Rotterdam, Antwerp and Le Havre to return home while the dispute lasts.

This follows last week's decision by shipowners not to *pay seamen while they take* strike action.

William Hall looks at the financial implications of the dispute

JUDGING BY the performance of shipping shares over the last fortnight, the stock market is not unduly worried about the financial impact of the seamen's dispute on major British shipping groups.

The shares of Ocean Transport have risen by about a tenth since the dispute began. And while some other shipping shares have slightly underperformed the market, the general impression is that so far the dispute has only marginally affected the fortunes of most of the big shipping gorups. By contrast, the smaller shipping companies are less relaxed, and some could soon be facing serious financial difficulties.

The General Council of British Shipping (GCBS) has said it cannot estimate the losses incurred by the industry. Most shipping companies approached yesterday refused to indicate the scale of individual losses. They argued it would inflame the tense situation between the employers and the trade union.

Any estimates of the financial cost of the dispute so far are no more than crude guesses.

According to the GCBS 163 UK ships were immobilised yesterday, about 18 per cent of the UK fleet. Over the last week an average of about 12 per cent of the UK fleet has been idle.

A 30,000 dwt bulk carrier could expect to earn $10,000 a day and a 150,000 dwt vessel about $20,000 a day. By contrast, the smaller coastal vessels earn considerably less.

For this reason it is difficult to estimate the loss of revenue as a result of the industrial action. However, UK shipping companies earned £2.7bn of revenues internationally in 1979 (the latest figures available) and this works out at about £7.5m a day.

Assuming that 12 per cent of the UK fleet is idle on any one day this could mean the loss of about £1m a day in revenues. Since the strike began UK ships may have lost £15m in total revenues. As crews are being paid off and fuel is not being consumed losses could be less.

Even if the £15m in lost revenues is closer to £30m, the overall revenue losses do not appear very large. But while the big shipping groups may be well cushioned to withstand further industrial action there is evidence that the strike is now seriously affecting the finances of some of the smaller less well known short sea operators, especially those which face heavy financing charges.

F. T. Everard is probably Britain's biggest coastal shipping company, operating 50 vessels. It estimates that about a fifth of its fleet has been *immobilised and each idle ship* is losing £1,000 a day in revenue.

The Channel ferries are suffering substantial losses. And the strike is having a serious effect on container ships unable to meet tight schedules.

Ship tonnage lost at sea fell last year

BY JOHN MOORE

SHIP TONNAGE lost at sea showed a fall in 1980 from the record peacetime level set in 1979. Total tonnage lost was 1.8m gross, against the record figure of 2.3m tons gross in 1979.

Vessels over 500 gross tons lost numbered 228 compared with 279 in 1979, according to figures released yesterday by the Institute of London Underwriters, which represents groups specialising in marine insurance. Total cost of all losses is likely to exceed £316m, according to other figures published yesterday by Lloyd's of London.

Mr. Geoffrey Merriman, chairman of the Institute, said that the London insurance market was still concerned about war-risk exposure to vessels in the Gulf, following the hostilities between Iran and Iraq. Some 72 ships are still trapped in the Shatt al Arab area.

Ban to stay on Thames pregnancy drug film

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THAMES TELEVISION must not broadcast its documentary about the controversial pregnancy testing drug Primodos, the Court of Appeal ruled yesterday.

By a 2-1 majority—Lord Denning dissenting—the court upheld a High Court injunction banning the programme, "The Primodos Affair," granted to the drug's manufacturers, Schering Chemicals in August.

Lord Justice Shaw and Lord *Justice Templeman said the* programme breached the duty of confidentiality owed by its producer, Mr. David Elstein, to Schering.

Mr. Elstein admitted getting the idea for the programme from information supplied by Schering for a training course in television interview techniques he conducted for the company's executives.

But, he said, all the material in the programme was previously published in newspapers, magazines and other television programmes.

Lord Justice Templeman said that when Mr. Elstein agreed to take part in the course, for which he was paid, he voluntarily came under a duty not to use the information for any other purpose. That duty was not affected by publication of the information elsewhere. If Mr. Elstein had not taken part in the course he would not have made the programme.

There was nothing to stop Thames making a film about Primodos, provided Mr. Elstein was not involved, said Lord Justice Templeman.

Lord Justice Shaw said that when Mr. Elstein decided to make the programme no considerations of loyalty or good faith seemed to come to his mind—or, if they had, "they were completely submerged by his professional zeal as a publicist."

He said the freedom recognised by English law did not include "a licence for the mercenary betrayal of business confidences."

Lord Denning said none of the *information* was confidential because it had already been published. The course was merely the launching pad for the programme and Mr. Elstein was not guilty of any breach of duty.

All three judges agreed that the programme presented no risk of prejudice to court actions pending against Schering on behalf of children born deformed, in which it is alleged that the deformities resulted from their mothers' use of Primodos, which was withdrawn in 1978.

Jobless total tragic, says Thatcher

BY IVOR OWEN

WHILE describing the 2,419,452 Janiiar ytotal of the numbers out of work as "very tragic," the Prime Minister again insisted in the Commons yesterday that current Government policies are the best way of *fighting unemployment* in the long run.

She joined with Mr. James Prior, Employment Secretary, in acknowledging the rising concern ove rthe accelerating rate of increase, but refused to accept a suggestion by Opposition leader, Mr. Michael Foot, that the country is now in a situation similar to that which dominated the 1930s.

With equal vehemence, Mr. Prior denied a charge by Mr. Cyril Smith, Liberal employment spokesman, that the Cabinet was using unemployment as an economic weapon.

Mr. Eric Varley, Labour's shadow Employment Minister, argued that Government policies had made the unemployment situation in Britain worse than in any other comparable country, and called on Mr. Prior to resign.

To Opposition cheers, he declared: "If you were to leave office now, that would be one redundancy which the whole of the country would rejoice in."

Mr. Prior replied that it was the failure of successive governments over the past 20 years to adopt the right policies which had resulted in Britain having a worse unemployment problem than that in many other countries.

He reaffirmed the Government's determination to stick to current policies which "at the end of the day" were more likely to overcome the problem than anything which had been tried before.

"Which day?" chorused angry Labour MPs.

Mr. Foot protested that the jobless total announced earlier in the day was the worst since the end of the war with the worst January figure, except for one single month, than even in the 1930s.

He reminded Mrs. Thatcher that when leader of the Opposition in May 1977, with the unemployment total more than 1m less than at the present time, she had stated that such numbers out of work would result in a Conservative Government being "drummed out of office."

The Prime Minister rejected Mr. Foot's comparison with the 1930s by pointing out that Britain's workforce then totalled around 18m, compared with 24m at the present time.

She hit back at the Opposition leader by claiming that he had indicated a belief that it was not possible to fight inflation and unemployment at the same time.

Backed by Government cheers, Mrs. Thatcher asserted: "To fight inflation is the best way to fight unemployment in the long run."

Like Mr. Prior, she attributed responsibility for the present situation to the failure of successive governments over the past 20 years to take the steps needed to put Britain's deep-seated problems right.

She emphasised that the Government's concern over the numbers out of work was shown by the fact that £843m was being spent on special employment measures and training in the UK.

Responding to further criticism from the Labour benches, the Prime Minister argued that the Government's policy of fighting inflation and trying to make British industry competitive again, and encouraging innovation and investment, was the only policy which would create jobs in the long run.

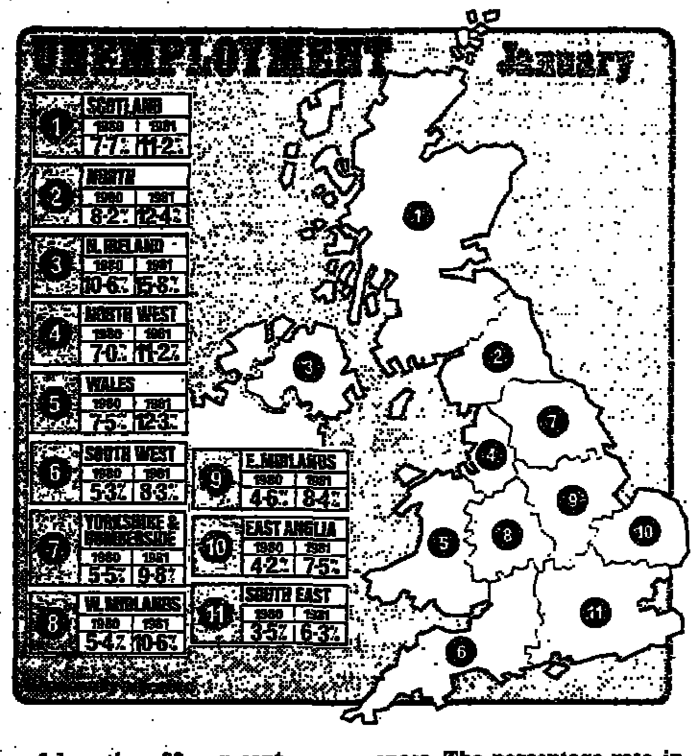
"I do not intend to depart from it for one moment," she snapped.

WELL OVER one in 10 of the adult labour force are now out of work in large parts of the UK north and west of the River Trent, writes Peter Riddell. However, paradoxically, the sharpest rise in unemployment in the past six months has been in traditionally more prosperous parts of the country in the Midlands and south.

Department of Employment figures published yesterday show that in the last six months, the adult total has risen by 39.2 per cent in the UK as a whole, but the rise has been above average in the south-east, East Anglia, the south-west, the west and east Midlands, Yorkshire and Humberside.

Over the past 12 months the sharpest rise has been in the Midlands, Yorkshire and Humberside—regions with a heavy concentration of manufacturing industry which has been particularly hard hit by the recession and by the strong pound.

In the year to January, unemployment in the west Midlands jumped by nearly 92 per cent with a 72 per cent increase in the east Midlands. The lowest percentage increase in the period was in Scotland with a rise of less than 33 per cent.



The absolute level of unemployment remains much higher than average in areas of traditionally high unemployment, despite this narrowing of regional differences. The percentage rate in Scotland, the north-west, the north, the west Midlands, Wales and Northern Ireland was well over 10 per cent of the total workforce in mid-January.

Trustee Savings Banks set pay talks pace with 8%

BY NICK GARNETT, LABOUR STAFF

THE TRUSTEE Savings Banks, the first group of banks in the present negotiating round, made *a pay offer yesterday* of 8 per cent on salaries to their 20,000 UK staff.

The offer, which was rejected as "totally unacceptable" by the Banking, Insurance and Finance Union, is a clear indication of the pay proposals which will be made tomorrow by the five English clearing banks to union officials representing almost 200,000 clerical staff.

Negotiators for the English clearers and the TSBs have been in close touch on the issue of pay this year.

The banks have also faced considerable direct pressure from the Prime Minister, and indirectly through the Treasury and the Bank of England, to try and keep their wage settlements lower than they would otherwise have been.

The banks' chairmen appear to have decided that pay increases this year should be kept below politically-sensitive double digit figures.

This is in spite of specific claims of 15 to more than 20 per cent from BIFU and the Clearing Bank Union which are actually seeking rises close to the inflation rate.

The Association of Scientific, Technical and Managerial Staffs succeeded recently in pushing some insurance companies to make offers and settlements ranging from 12.5 to 15 per cent.

The TSBs said their offer—which includes the continuation of the Christmas bonus but no reduction in the 36-hour week—reflected the general economic climate, the financial objectives of the banks and the falling level of settlements and inflation.

The TSBs board will review the position on February 19 prior to another meeting with BIFU the following day.

Present salaries in the TSBs range from £2,395 to £6,996 for clerical staff, £9,177 to £15,979 for branch managers and £9,000 to £20,000 and well above for administrators.

Mr. Bill Whiteman, a BIFU assistant secretary, said yesterday that the union was angry the TSBs had made this response after a 14 per cent settlement in November for 1,000 staff in Northern Ireland.

The TSBs said the 14 per cent settlement was designed to bring pay in the Province more into line with that in England, *Scotland and Wales.*

TUC hopes for CBI backing

BY CHRISTIAN TYLER, LABOUR EDITOR

UNION LEADERS expect some CBI support for their attempts to change the Government's economic strategy, following a private meeting between TUC and CBI officials on Monday night.

Although there are a number of points on which the two bodies are said to be in agreement, they do not however amount to a political alliance against the Government.

Monday's meeting was designed by the TUC to try out the main points of its latest economic analysis on the employers before next week's monthly meeting of the National Economic Development Council with the Prime Minister in the chair.

Today the TUC general council is expected to approve the main lines of this year's economic review, which calls for a £6bn stimulus to the economy. The review will be published early next week.

Reports of the TUC-CBI discussion suggest that there was some meeting of minds on the overall effect of present policies on weakening the industrial base, stifling investment and depressing output.

The two sides were said to have agreed that neither was "monetarist" in the sense that the Government is monetarist. But the CBI's approval of some of the TUC's propositions was tempered by its dislike of many others. Nor was the CBI thought likely to voice its criticisms of Government too loudly when the tripartite NEDC meets.

The day after the NEDC meeting, nationalised industries chairmen are to meet the TUC's economic committee and other TUC general councillors from the state industries. There is no clear agenda for this encounter, but much of this discussion is bound to concentrate on the level of Government support for the state sector, and in particular the external financing limits set by ministers.

This is one of an irregular series of meetings, with the difference that the chairmen's group has asked this time to go higher than the TUC's nationalised industries committee.

Scargill threat on Barnsley

By Christian Tyler, Labour Editor

MR. ARTHUR SCARGILL, president of the Yorkshire area of the National Union of Mineworkers, yesterday threatened legal action against anyone who alleged that the union's affiliation to Barnsley Labour Party was in breach of the rules.

He referred to a complaint by the Right-wing Shopworkers Union to the party's national officers about the NUM's representation on Barnsley general management committee.

Mr. Scargill said the national agent's office yesterday confirmed the constitutionality of the Miners' presence.

The USDAW move is another sign that the Labour Party's Right-wing is trying to fight back against what it sees as Left-wing domination of local parties. In recent weks the Electrical and Plumbing Trades Union has caused protests from the Left in South London parties about branch affiliations and the appointment of union delegates to the GMC.

Today the party's Left-dominated national executive committee is to consider a test-case complaint from the Bermondsey, London, party about EPTU affiliations. There is little or no evidence that rules have been broken, but a review of the question of trade union affiliations may be instituted.

In Barnsley, the Right has alleged for some time that the NUM has been using a large head office branch to maximise its representation in a number of South Yorkshire parties.

Peers may back Jenkins' Council

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

THE Gang of Three's embryo political party could get the backing of a group of Labour Peers tonight.

Mr. Michael Foot has been warned by more than 30 Labour members of the Lords, including several former Ministers, that they are seriously worried about the state of the Labour Party.

The group has sent a letter to Mr. Foot and are to meet tonight to consider tactics. Some will urge their colleagues to "fight from within" but a number are almost certain to come out in support of the Council for Social Democracy, launched on Monday by Mr. Roy Jenkins, and the Gang of Three.

Their support could add to the momentum behind the splinter group. It would fit in with the Gang of Three's step-by-step approach to setting up a Social Democratic Party.

More important, in terms of the electoral prospects of any Social Democratic Party, the Gang of Three's initiative may get the support of a section of the Campaign for Labour Victory, the grass roots organisation set up to fight the Left within constituencies.

The executive of the CLV, which until now has provided the Gang of Three with their main public platform outside Westminster, is to meet soon to discuss whether to actively help the Council for Social Democracy.

The meeting is likely to be followed in the next few weeks by a full conference.

The CLV could provide the Council with the beginning of a much-needed constituency organisation. However, the campaign's executive is badly split.

Earlier this month, Mr. Roy Hattersley, who has emerged as one of the leaders of the campaign to reverse last Saturday's conference decision, resigned his membership. Since then another Labour MP, Mr. George Foulkes, has resigned.

Mr. Alec McGivan, the campaign's full-time organiser is urging the executive to back the Gang of Three.

Tonight's meeting in the Lords follows the sending of a letter to Mr. Foot spelling out the Labour peer's fears about the state of the party. The letter was signed by more than 30 peers including Lord Stewart of Fulham, the former Foreign Secretary, Lord Kennet, another former Minister, and Lord Walston who was the prime mover behind the latter.

At least one of Labour's existing frontbench spokesmen is also believed to have signed it.

Mr. Foot is having problems in the Lords because of a shortage of frontbench spokesmen and is being pressed to create more peers. This would bring down the wrath of the Left on his head.

Party loyalties have always tended to be weaker in the Lords. Nevertheless, it could be embarrassing to Mr. Foot if anything more than a handful of Labour peers backed the Gang of Three.

Wembley highlights unions' differences

BY PHILIP BASSETT AND JOHN LLOYD

TRADEUN IONS for a Labour Victory, the grouping of major unions affiliated to the Labour Party, meet today to discuss the financial crisis in the Labour Party, now running a deficit of about £500,000.

It is expected that, in the aftermath of Saturday's conference decision to give trade unions 40 per cent of the electoral college votes, the TULV will consider future political issues, including its own future as a group.

The group is chaired by Mr. David Basnett, general secretary of the General and Municipal Workers Union, and includes Mr. Moss Evans of the Transport and General Workers, and Mr. Clive Jenkins of the white collar union, ASTMS.

Some members believe that the strains of political diversity within the group might fatally weaken it.

This is felt to be especially the case after the Wembley conference. Leading members of the group voted in radically differing ways.

Some members—such as Mr. Terry Duffy, president of the Amalgamated Union of Engineering Workers—favour a more overtly political organisation, bearing the standard of the Right.

However, the membership of the TGWU and other Left-domination unions rules out perspective of this kind.

Leading members of the group stressed last night that it was not conceived as political vehicle, but as a financial and organisational support system for the Labour Party.

They pointed out that the heterogeneity of the votes cast by the unions on Saturday ruled out any suspicion of co-ordination within the TULV. It was conceded, however, that an element of bitterness may be present today between some members, because of feelings that undertakings had not been kept.

● Mr. Duffy has made a personal appeal to both Mrs. Shirley Williams and Mr. William Rodgers not to leave the Labour Party.

Immediately after Saturday's conference, he sought them out and asked them to stay in the party. The AEUW's abstention from much of the conference voting contributed to the Left's ability to secure agreement on the proposal giving this trade unions 40 per cent of the electoral college votes.

Rescue plan for Tate & Lyle plant

By Our Labour Staff

TATE AND LYLE, which has announced the closure of its Liverpool sugar refinery with the loss of almost 1,600 jobs, is to consider a union rescue plan for the factory. It includes the withdrawal of severance notices already sent to the workforce.

The company yesterday agreed to examine proposals put forward by Mr. David Basnett, general secretary of the General and Municipal Workers' Union, in a meeting with Lord Jellicoe, the chairman of Tate and Lyle.

The two sides will meet again next week to allow the company to reply to the proposals. However, Mr. Frank Tomlinson, a Tate and Lyle director, said after yesterday's meeting that the refinery was virtually doomed.

"We would be dishonest if we said at this stage that we could see the slightest chink of hope," he said.

Dismay in the Jamaica canefields: Page 29

Manchester post hit

NO PARCELS will be collected until further notice in Greater Manchester because of an unofficial strike by 1,300 postal workers. There will be few deliveries in Greater Manchester, South Lancashire and Northeast Cheshire.

Ford workers settle

A GROUP of Ford white-collar workers have voted overwhelmingly to accept a 9.5 per cent pay offer, despite a recommendation by their negotiators to reject it. The Association of Clerical, Technical and Supervisory Staffs voted 7-1 at Swansea in favour of the offer, which will add £9.50 a week to the average pay packet.

Benn backs gays

MR. ANTHONY Wedgwood Benn has called on political parties and trades unions to take up gay rights. He backs claims by the National Council for Civil Liberties that Britain's estimated 2.5m homosexuals *face serious discrimination* by employers.

Chemical companies 'tearing up' deals

BY OUR LABOUR STAFF

COMPANIES throughout the chemicals industry were demanning by "tearing up" union agreements the General and Municipal Workers Union said yesterday.

Some of this demanning resulted from plant closures arising out of the way companies responded to the recession. In other cases companies used the impact of the recession to lower manning levels in an attempt to improve productivity.

The latter response appeared to be one the Government had sought from companies. However, the union said yesterday, it objected on two grounds to the way the industry was trying to do this.

Mr. David Warburton, the union's national officer, said companies had been doing this with no consultation with their unions.

unions. In many cases companies presented the unions with new manning levels and told them that if they did not like these they should put the issue through disputes procedures, he said.

Secondly, the union believed that in many cases an individual company's financial performance did not warrant the kind of job cuts it was making.

Delegates at the annual GMWU chemicals conference voted yesterday for a policy banning *overtime in the industry*. This will be put to the union's executive and regional officials.

Actors accept 12.8% rise

BY OUR LABOUR CORRESPONDENT

THE ACTORS' UNION, Equity, yesterday agreed to accept an increase in fees of 12.8 per cent from the BBC, up by 2.8 per cent from its previous offer.

The offer was made after the union threatened widespread industrial action and to seek support for that action from other broadcasting unions.

The increase will be phased throughout the year. The BBC said last night that there would be no increase this month, a 10 per cent increase in fees for February and March and a 15 per cent increase from April to December.

Mr. Alasdair Milne, managing director of BBC Television, said last night: "It will be a struggle for us to find the economies to pay for the extra £1.3m that this agreement will cost."

The BBC is already attempting to find *savings of £1.5m* in the current year.

More women MPs urged

BY PAULINE CLARK, LABOUR STAFF

TRADE UNIONS were urged yesterday to use their influence in the Labour Party to increase the number of women in Parliament.

Mrs. Barbara Castle, leader of the British Labour group in the European Parliament, also called for an end to the "almost exclusively male front" presented by unions in their top jobs and in their conferences.

Mrs. Castle was addressing a *trade union conference* on equal rights for women, in London yesterday, organised by the Association of Professional, Executive, Clerical and Computer Staff.

She told conference delegates that Britain lagged woefully behind the other nine members of the European Community in terms of the number of women represented in national parliaments. In this league the proportion of women MPs was 3 per cent in Britain, at the bottom, and 23.5 per cent in Denmark at the top.

Biffen attacked on Times purchase decision

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THERE WAS *a roar of* disapproval and cries of "disgraceful" from the Labour benches in the Commons last night when Mr. John Biffen, Trade Secretary, announced that he did not intend to refer Mr. Rupert Murdoch's proposed purchase of Times Newspapers to the Monopolies Commission.

The decision brought a mixed reaction from Conservative MPs but Mr. Jonathan Aitken (C., Thanet East), a journalist, launched a scathing attack on it.

"I believe this is a sad day for Fleet Street which is going to see the greatest concentration of newspaper monopoly power in its history," Mr. Aitken protested.

Mr. Biffen exercised his discretion and decided not to order a monopolies investigation because, he said, Department of Trade accountants had decided that neither the Times nor the Sunday Times were currently operating on an economic basis.

According to the Secretary of State—contrary to figures given to prospective purchasers by S. G. Warburg, Thomson's merchant bank — the Sunday Times had made a loss of £600,000 in the first 11 months of 1980.

He had also decided not to make the referral because of the strong need for urgency in clinching the deal.

Mr. Biffen argued that if he had intervened it could have resulted in the purchase not being completed by the March deadlines laid down for closure by Thomson Newspapers. If this had happened, he feared, it could have resulted in permanent closure.

Mr. Biffen gave a string of eight conditions which Mr. Murdoch had to agree for the deal to be approved by Department of Trade. The conditions are:

- The newspapers are to be published as separate newspapers.
- Future disposals are to be subject to the consent of a majority of the independent national directors of Times Newspapers Holdings.
- The number of these independent directors is to be increased from four to six, and the appointment of any more is not to be made without the approval of the existing independent national directors.
- Editors shall not be appointed or dismissed without the approval of the majority of the independent national directors.
- The Editor of each newspaper shall retain control over any political comment published in his newspaper, and in particular, shall not be subject to any restraint or inhibition in expressing opinion or in reporting news that might directly or indirectly conflict with the opinions or interests of any of the newspaper proprietors.
- Instructions to journalists shall be given only by the Editor or those to whom he has delegated authority.
- The Editor shall retain control over the appointment, disposition and dismissal of journalists on his newspaper and of all other content of his newspaper, subject only to any annual budget for editorial space and expenditure.
- Disputes between the Editors and the directors of the companies are to be settled by the independent national directors.

However, even these safeguards failed to satisfy some of the doubters on both sides of the *Commons.*

Mr. Biffen's assertion that the Sunday Times was not making a profit caused surprise and scepticism among many MPs. Mr. John Smith, the Opposition trade spokesman who opened the emergency debate, gave the figures which Warburg had sent to prospective purchasers. These stated that in 1980 the Sunday Times had made a small profit, in 1981 a profit of £4.8m was projected, in 1982 £11.9m and in 1983 the figure would be £13m.

Mr. Smith saw this as evidence that the Sunday Times was a going concern and that the case should have been sent to the Monopolies and Mergers Commission. He said that Mr. Biffen's assumption that the Sunday Times was uneconomic at present was crucial to the Government's argument.

He wanted to know whether the Department of Trade accountants had allocated the overheads between the papers *in the same way as Warburgs* and suggested that Mr. Biffen should made the accountants' figures available to the House.

Mr. Biffen confirmed that his department's accountants had reached their judgement on the basis of figures supplied by Warburgs. The interpretation, however, turned upon the allocation of overheads between The Times and Sunday Times within the organisation.

The Secretary of State maintained that in the first 11 months of 1980 there was a loss on the Sunday Times of £600,000 after the allocation of overheads and before the interest on capital.

Some MPs were equally upset by Mr. Biffen's assertion that the Thomson closure deadlines introduced an element of urgency. They wanted to know why Thomson could not have helped by postponing the deadline of March 8 for the Sunday Times and March 14 for The Times.

Mr. Patrick Cormack (C., Staffordshire southwest) asked Mr. Biffen how he felt about the "pistol" which the Thomson organisation had put to his head.

Mr. Biffen said he had asked Sir Godfrey Le Quesne, chairman of the Monopolies and Mergers Commission, whether an inquiry could be conducted in a shorter period but Sir Godfrey had not been able to promise a report in under eight weeks.

Mr. Biffen concluded, therefore, that it would not be available before the two papers had ceased publication. The delay could have affected the deal.

Mr. Biffen thought his decision to allow the purchase to proceed would avoid disruption and uncertainty. He agreed that the concentration of ownership would be disturbing but believed the conditions he had attached would deal satisfac*torily with this problem*

From the Government backbenches, Mr. Aitken said the Conservative party seemed to have abandoned its traditional role as the opponent of large monopolies. As far as he could see, Mr. Biffen's decision meant that the Monopolies Commission was coming to the end of its useful life.

Evans and Hamilton welcome conditions

MR. HAROLD EVANS, Editor of the Sunday Times, and Sir Denis Hamilton, Chairman and Editor in Chief of Times Newspapers Holdings, warmly welcomed Mr. Biffen's eight conditions which they consider sets an important legal precedent, Margaret van Hattem writes.

"I would still prefer an independent consortium. However, no editor or journalist could ask for wider guarantees of editorial independence on news or policy than those Mr. Murdoch has accepted and which are now firmly entrenched in the law by the Secretary of State," Mr. Evans said.

"This charter of freedom meets all our requirements. Any breach of the eight conditions constitutes a criminal offence. It is quite unprecedented—I know of no other situation in the Western world where the rights of the editor are so securely entrenched."

Sir Denis added: "That the Secretary of State should insert a clause ensuring that there shall be no change in these conditions without his authority is more than I ever expected. We've had a terrible four or five years, dogged by losses and uncertainties. As chairman of the vetting committee I feel the Murdoch solution is the best one, and the guarantees of editorial independence are now enshrined in the law."

Both men conceded, in reply to questions, that the effectiveness of the guarantees will depend heavily on the appointment of editors who are prepared to oppose the proprietor

Lucas faces plea on job cuts

BY LORNE BARLING

UNION LEADERS meet the management of Lucas Industries today in an effort to persuade the company to limit the size of a round of cuts which may mean loss of 2,000 jobs, mainly in the Midlands.

Mr. Godfrey Messervy, the chairman, said recently that the 5,000 jobs lost in the past year might eventually rise to 7,000. *Unions fear that more redun*dancies will come soon.

About 3,000 of the jobs already lost were in the Midlands.

A letter by management to workers last week said that the fall in car output was far greater than expected, from 36,500 a week last year to 24,000 now. An improvement was expected to about 28,000 a week, but "the problems were still severe."

The company would continue its policy of adjusting factory activity downward to meet lower demand, largely through short time, early retirement and voluntary redundancy. But further compulsory measures were being considered.

Mr. Jack Carr, national organiser of TASS, clerical section of the Amalgamated Union of Engineering Workers said that a negotiating committee would meet management today and try to prevent compulsory redundancies.

"It is fairly obvious from what has been said that a new round of redundancies is being planed and we are also worried about the possibility of further factory closures," he said.

Although previous redundancies brought no industrial action, stronger opposition may result from formation of an inter-union committee representing white-collar and manual workers throughout the division.

The decision to set it up was *taken this week at a mass meet*ing of 600 shop stewards and staff representatives after the warning letter from the management.

However, the company is encouraging further consultation on manning levels, stating that it has made concessions on methods of cutting down numbers.

Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

Ensuring a firm foundation

AN IMPORTANT step forward in soil testing has been made by Engineering Laboratory Equipment in terms of finding the strength and consistency of a particular piece of ground and determining the foundations needed to carry a proposed building.

The system, which was developed by a team at Bristol Polytechnic is called Dataface System 3 and it provides the engineer with computer-controlled recording and analysis of test results, directly coupled with testing machine operation at a price — £7,000 — which, according to the company, has not been achieved to date elsewhere.

Although the system incorporates a desk-top computer/VDU (the Commodore machine), the thorny part of the problem — coupling the testers to the computer—has *been solved in the Dataface* unit to which up to eight transducers (displacement, axial strain, pressure) can be connected.

For each type of test procedure the appropriate program, held on cassette, is loaded into the Dataface memory from a cassette machine. Operator instructions then appear as needed on the VDU screen.

After some data has been keyed in about the materials to be tested, the testing sequence is started simply by pressing a key; it then proceeds automatically, *leaving staff free for* other duties.

When the tests have been *completed the operator can ask* the computer to produce all the results either on tape via the cassette, *or in printed form.*

A typical test for which a program has been developed is *the one-dimensional soil consolidation test* in which soil strength is measured over a *period of between one and two* days. To determine if a building site has consistent strength throughout, several samples have to be taken and tested and normally technicians have had to work in shifts for up to 48 hours taking manual readings on gauges for each sample at different times.

With Dataface 3, the work is carried out by the computer under program control and up to eight tests can be run together. The machine also carries out the calculations which would otherwise be done manually and produces a printed analysis good enough to be entered straight into a report.

More from the company at Eastman Way, Hemel Hempstead, Herts. (0442 50221).

Shows fuel consumption and speed

A DRIVE COMPUTER for *motorists, claimed to be an* advanced trip/fuel management instrument which gives the *driver everything he needs to* know about his speed, distance covered, time taken and petrol consumption, has been marketed by EnviroSystems, Hampsfell Road, Grange-over-Sands, Cumbria (044 84 4233).

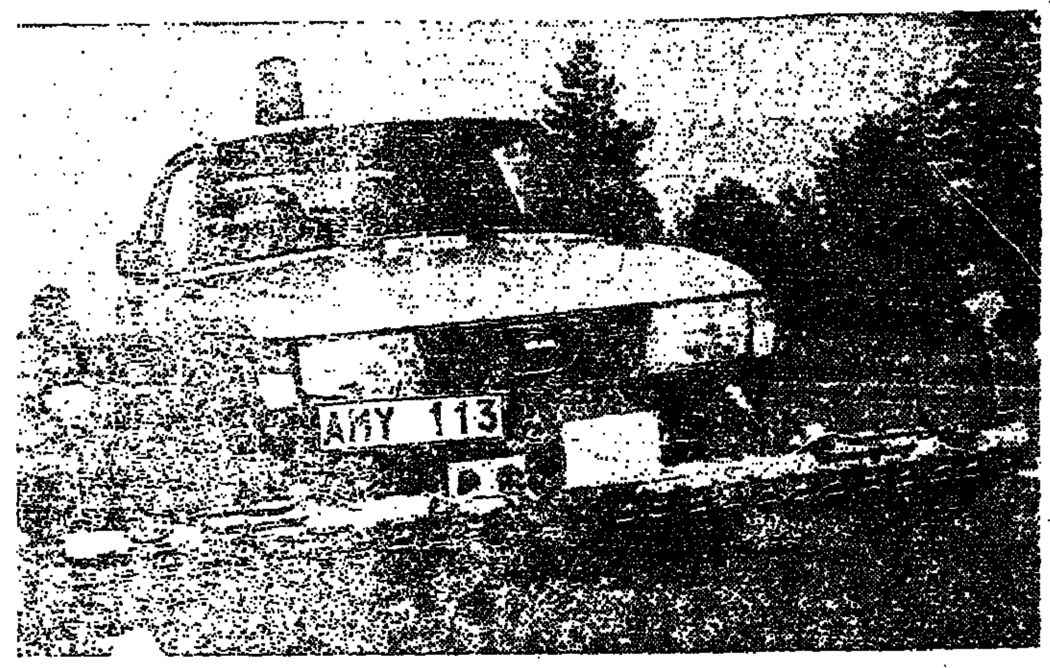
Said to be an advance on the maker's Fuelstretcher consumption monitor, introduced in 1979, the new device has a purpose-designed microprocessor to record and store information received from a fuel flow sensor and speed sensor. *The* information is shown by a red LED with automatic dimming *for night driving. The motorist* can monitor fuel consumed, distance covered and time taken *on a trip or on a weekly or* monthly basis.

Provides all the data for road repairs

BY GEOFFREY CHARLISH

LOCAL AUTHORITIES in this country faced with the need to control costs arising from highway *repairs might be interested* in work being carried on by Saab-Scania in which about *£800,000 has so far been spent* on a special saloon car that has been instrumented for *gathering information about road* surfaces.

The testing techniques and equipment stem from those *already developed by the* company for measuring the surface friction on airport runways *before aircraft take off or land in* adverse circumstances. Clearly, given the wrong surface conditions the aircraft can aquaplane or skid off the end of the runway.



The 8 ft long rut meter attached to a Saab 900 saloon car.

All the data

Apart from measuring surface *friction, the instrumented Saab* 900 GLS has been equipped by the company's car and aero*space divisions to gauge smooth*ness, rut depth and volume, water depth, camber and *radius of curvature of the road.* All the data needed to derive purchasing information when planning road repairs can be obtained in one pass over the particular stretch of road at a constant speed.

Measurements are carried out by two principal systems, a "rut *meter" at the front of the car* and a rear-mounted trailing wheel for measuring smoothness and friction. The wheel can be raised and lowered hydraulically from the road surface. To assess friction on wet road surfaces the car is also equipped with an 88 *gallon water tank* and a nozzle mounted in front of the rear fifth wheel that will *provide a controlled water layer.*

The eight feet long rut meter *mounted on the front of the* vehicle has 26 spring loaded trailing arms mounted across its width each having a small wheel which maintains contact with the road surface. Each spring is fitted with a transducer which senses the wheel's up and down movement to within one millimetre. The system is gyro stabilised in the *horizontal plane to ensure that* the rut meter maintains a correct reference when measuring road camber and water depth in ruts.

All the displacement data from the 26 trailing arms of the rut meter and that from the friction/smoothness measuring device are fed to a computer inside the vehicle which controls, calculates and records all the measurements.

To ensure a constant speed of 70 km/hr irrespective of the gradient of the road, the car is fitted with a cruise control.

The Swedish engineers consider the new system to be a considerable improvement on their previous designs in which the measuring equipment was built into the vehicle and a trailer: the latter had to be changed for each parameter *measured.*

Apart from providing objective data about the state of a road, the new Saab system is able to tell a maintenance authority what volume of *material is needed to restore an* even surface. For this, lateral measurements from the rut meter provide the data. The *lateral profile is measured every* five metres over a road length of two metres and at the same *time readings are fed from the* horizontal gyro and a lateral accelerometer into the computer. *In this way, any changes in the rut meter's attitude and* sideways displacement due to car motion can be compensated.

Graph plotted

A graph is plotted inside the vehicle every 100 metres and at the end of every 400 metres the computer calculates the percentage of the distance travelled in which the rut depth has exceeded *10 and 20 mm.*

Other data about the state of the road include a count of the number of recesses in which the water depth exceeds certain levels and the ability to pinpoint places where the water accumulation might cause aquaplaning.

The driver can supplement *the automatically collected data* with manual insertions of a subjective nature such as cracks, *surface patches and wear.* Such data fed in is correlated with the information already gathered by the sensors.

Once the profile has been established in this way the computer is able to calculate filling volumes for repairs or to re-establish the road's *original* camber.

Resulting figures can be used *as a basis for inviting tenders* to repair—and when the job has been completed the Saab *vehicle* can be used again to check that the work has been properly carried out.

UK debut for Belgian masonry reinforcement system

THE BELGIANS are coming in strength to the British construc*tion scene with a masonry* reinforcement system called Murfor which will be marketed *here by Tinsley Building Pro*ducts, Milner Street, Warrington (0925 51503).

It is made of two parallel *rods which are welded to a* continuous zig-zag cross-rod to form a lattice truss and is *buried inside a wall (like a* mini rsj) below and/or above door and window openings to replace ring beams, in partition *walls on floors which may* deflect, in cavity walls as a "tie," and in walls subject to *horizontal stresses.*

The product can also be used in conjunction with masonry to form lintels—thus ensuring *visual continuity without* changes of material or texture, says Tinsley.

When used in masonry, Murfor helps to absorb stresses caused by settlement, temperature change, vibration and other *causes of deformation,* and flexing—such as horizontal wind forces, explosions and so on.

Offered as a means of *ensuring stronger masonry and* the control of cracking, Murfor promises to provide the requisite tensile reinforcement to masonry to extend its functional uses. The basic principles in reinforcing brickwork are similar to those in reinforcing concrete — both masonry and concrete have good compressive *strength but poor tensile* strength.

The Belgian product is available in galvanised, galvanised and epoxy polyester powder coated, or in stainless steel. Because the rods forming it are of relatively small diameter, it is easily embedded in the mortar joints and, says the company, is protected against corrosion.

Where it is used as a tie in cavity walls (which are not so common on the Continent) the diagonal rod is crimped to ensure moisture shedding.

Made from steel rod with a yield strength of 500 N/mm² in a variety of diameters, it comes in standard lengths of 3.05 metres in bundles of 50 lengths. The company says it can be made to special dimensions, also, for non-standard applications.

The beauty of the system, says Tinsley director, Leslie Hughes, is that "... *it makes ordinary* brickwork do things that were never before believed possible."

DEBORAH PICKERING

Concrete in a cold climate

THE USE of liquid petroleum gas as an alternative energy is attracting interest all over the world, particularly in Japan which has the largest market for LPG.

At BP's Das Island in the Gulf *a project involving the construc*tion of a number of huge tanks for the storage of LPG highlights the international importance of this energy source.

The world's first terminal for the import of liquefied gas was established in the UK less than 20 years ago, since which time requirements for the transportation and storage of low-temperature liquids has grown beyond all expectations.

In the light of these developments an exhibition of light plant, equipment and materials *will be held in conjunction with* a "cryogenic conference" which will be divided into four sessions.

General aspects will include a review of developments of cryogenic concrete with examples of construction and design together with discussion of the design and construction of prestressed concrete secondary containment walls.

The conference will be held by the Concrete Society in conjunction with the British Cryogenics Council and the Institution of Gas Engineers at the Gosforth Park Hotel, Newcastle-upon-Tyne, from March 25-27.

Programme and application forms from: Gerald Young, Activities Manager, The Concrete Society, Terminal House, Grosvenor Gardens, London SW1W 0AJ (01-730 8252).

NEWS IN BRIEF

BOOK BINDER

AN EASY-to-operate desk-top binding machine is now available for quarter-binding books and pads up to 8 inch wide.

The semi-automatic machine operates with interchangeable closing throats supplied for specific book dimensions. A microswitch triggers the folding and pressing of an adhesive backing strip, the height and presentation of which is electronically controlled and easily adjustable.

An unskilled operator can produce up to 1,000 bound items an *hour, claims maker Boldstar,* 13 Highmeres Road, Leicester (0533 765606).

GEOLOGY

ONE OF the *major computer* timesharing organisations, Tymshare can now offer geologists *a software product that enables* them to define mineral exploration projects that would provide *less than* a given rate of return and so should be abandoned at an early stage.

It is claimed that a given commodity's desirability as a choice *for exploration can be* assessed in less than one day at an estimated cost between *£1,500 and £5,000*—and that such an analysis by a consulting company would take one *or two months and typically* would cost between £10,000 and £15,000.

No capital outlay is involved and the user pays only for the facilities employed. No computing knowledge is needed and the interaction takes place in English.

More about the product, which is called Explore, on 01-379 7822.

INSULATION

THE MAIN disadvantage of aluminium window frames is that the *high thermal* conductivity of the metal allows heat to be lost and causes condensation on internal surfaces. Heat loss can be *minimised, however,* by inserting an insulating element such a polyurethane resin into a *specially shaped channel* in the frame extrusion and, when the resin has cured, milling *away the aluminium base of the* channel.

This process is now made available by Leavlite Electropaint, Thermal Break Division, Bond End Works, Yoxall, Burton on Trent, Staffs (0543 472333).

DOCUMENT COPIER

AN OFFSET duplicating system with a microcomputer-controlled *sorter for increased productivity* has been introduced by AM International Multigraphics Division, Maylands Avenue, Hemel Hempstead, Herts (0442 42251). It is available in two models, known as the TCS *System 4-45 and 5-45. The micro*computer which monitors both reproduction and sorting *functions, has a solid state "touch-type"* control panel with LED read-out.

The 5-45 systems provides a duplexing facility, printing on both sides of the paper in a single pass and producing the equivalent of up to 17,000 impressions per hour. Both systems provide size-for-size *reproduction* or reductions of document size up to 11 in by 17 in.

DIRECTORY

THE LATEST edition of "New *Products and Services Directory*" is now available at a cost of £30 from Publishing and *Distributing Company,* Mitre House, 177 Regent Street, London, W.1. Enquiries: 01-734 6534.

MAKING IT STICK

A HOT-MELT adhesive dispenser introduced by BeA *Fastening Systems,* Swinemoor Industrial Estate, Beverley, North Humberside (0482 861075), *is claimed to be* suitable for a wide range of engineering product assembly, maintenance and *packaging* applications. Known as the Hipermatic 2.5 SST, it is pneumatically operated and weighs less than 2 lb. The operating temperature is variable between 300 and 475 deg F and the controls are built into the handle.

Two *100W* stainless steel cartridge heaters provide a warm-up time of three minutes, *after which* the adhesive melts when the trigger is pressed. A stand-by setting will maintain *the nozzle temperature* at 300 deg. F, allowing the dispenser to be left for long periods when not in full use. Hi-Per 2½-oz hot-melt cartridges are used, and a reserve cartridge always remains in the unit before loading to ensure that the adhesive never runs out.

SAFETY

GRANULATORS, the machines used to reduce the size of plastics materials by rotary cutting, are the subject of a code of practice just published by the British Plastics Federation.

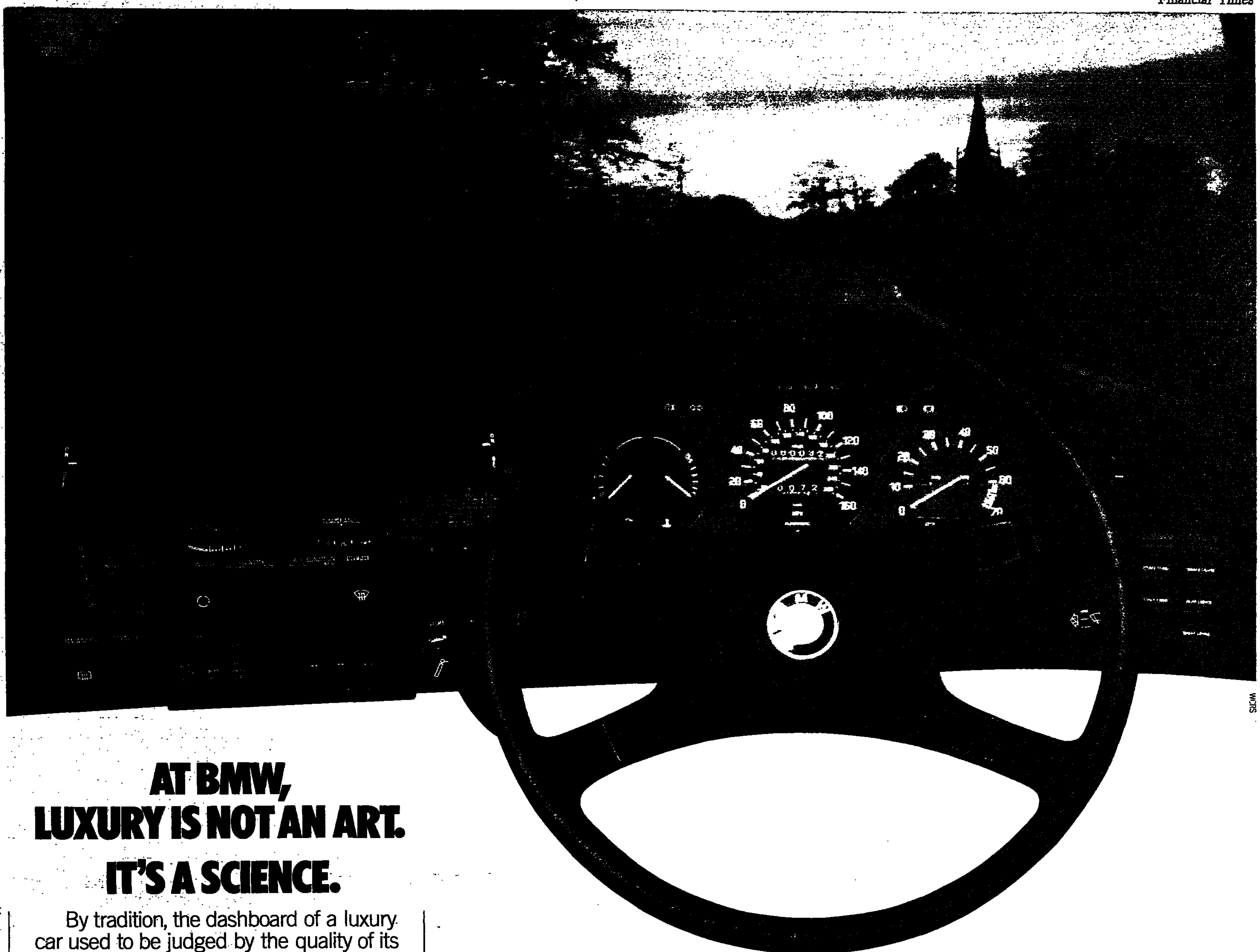
The 24-page illustrated code describes all the likely hazards, describes the required interlocks and guards and gives guidance on machine design and construction. Copies can be obtained from the Federation at 5 Belgrave Square, London SW1X 8PH. Price £5 (*BPF* members) and £10 (non-members and overseas companies).

CRAWLER CRANE

A NEW *fully-hydraulic crawler* crane/dragline has been added to the Ransome and Rapier's *range. Called the Ajax HC75,* it has a maximum crane capacity of 67 tonnes at a radius of *3.6 metres, a grab crane rating* of 6.87 tonnes, and a dragline rating of 6.30 tonnes.

There is a choice of two main boom outer sections—offset head for maximum liftcrane duties (maximum length 54 metres), and taper head for longer liftcrane booms and cyclic duties.

Its hydraulic drive gives control which is slow, *smooth and* precision swinging, says the company, which it believes is essential for *accurate* load-placing when hoisting the load at maximum speed, and also allows *fast swing speeds* when required for cyclic duties.



AT BMW, LUXURY IS NOT AN ART. IT'S A SCIENCE.

By tradition, the dashboard of a luxury car used to be judged by the quality of its carpentry.

It's a tradition that we've never followed at BMW.

Not because of any bleak puritanism: indeed, we offer you as many creature comforts that anyone could sanely demand in an automobile.

We do, however, hold the view that the area of the car where man meets machine, the cockpit, is far too important just to be shaped by aesthetics.

Which is why, every item you see here in this BMW 7 Series cockpit has its position, size, shape and function guided by the laws of ergonomics.

The orange instrument illumination, for example, is no mere stylist's whim.

It's the result of a study to find the wavelength of light to which the human retina is most sensitive. So, with minimum distracting brightness, there can be maximum clarity.

For the same reason, even the digital clock is dimmed automatically as soon as the headlights are switched on.

The elimination of unnecessary distraction also explains why long rows of quivering dials have no place in a BMW.

Instead, checking sensors monitor no less than 16 functions, alerting you in good time if anything requires attention.

For example, on this BMW 7 Series you can press the electronic Check Control button before you drive off.

This then checks everything from the engine oil level to the amount of water in the screen-washer. All without taking you out of your seat.

Then once you drive off, the on-board computer, on the left of the cockpit, starts to work for you.

It can tell you how much petrol you're actually using at any particular moment. Or when, based on your average speed, you'll reach your destination.

Or how many miles you're away from your next turn off.

And whenever the outside temperature drops to 3°C, a buzzer sounds a black ice warning.

None of this, please note, is using technology in any way to replace the driver.

Instead, it uses technology, on the one hand, to liberate you from driving chores. And, on the other hand, to give you the information you need to apply your driving skills more scientifically.

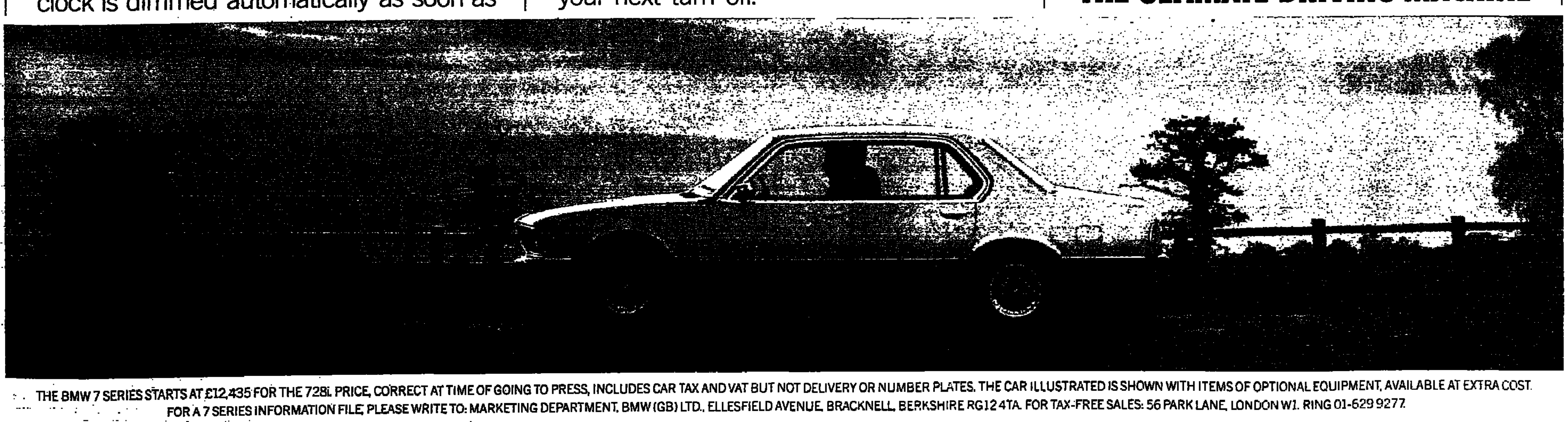
All of which stems from BMW's philosophy that the driver is one of the functioning parts of the car.

And not simply a passive object to be transported from A to B.

Which is why, if your expectation of a luxury car is merely a well-upholstered extravaganza, a test drive in a BMW 7 Series will prove to be a very illuminating experience.

Particularly at night.

THE ULTIMATE DRIVING MACHINE



THE BMW 7 SERIES STARTS AT £12,435 FOR THE 728i. PRICE, CORRECT AT TIME OF GOING TO PRESS, INCLUDES CAR TAX AND VAT BUT NOT DELIVERY OR NUMBER PLATES. THE CAR ILLUSTRATED IS SHOWN WITH ITEMS OF OPTIONAL EQUIPMENT, AVAILABLE AT EXTRA COST. FOR A 7 SERIES INFORMATION FILE, PLEASE WRITE TO: MARKETING DEPARTMENT, BMW (GB) LTD., ELLESFIELD AVENUE, BRACKNELL, BERKSHIRE RG12 4TA. FOR TAX-FREE SALES: 56 PARK LANE, LONDON W1. RING 01-629 9277.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

A growing patchwork that provides food for thought

Ray Maughan on James Gulliver's ambition to establish yet another foods empire

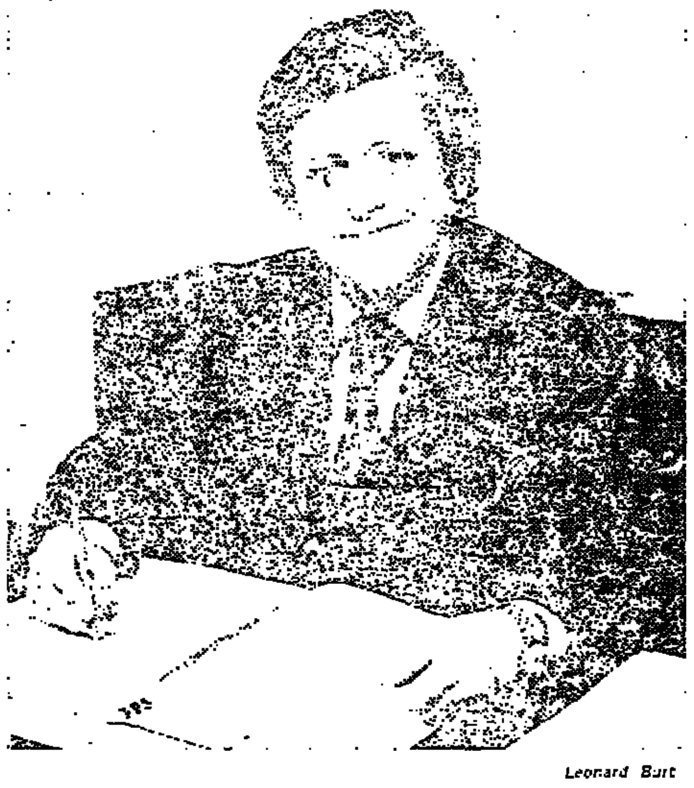
WHEN, almost two years ago, James Gulliver was back in the foothills of the food industry preparing for his ambitious re-ascent of its peaks, he gained an entree into the world of big-time soccer. Allied to his purchase of the Louis Edwards meat business in Britain's North-West was a big slab of shares in Manchester United Football Club, and a seat on the board.

Like Gulliver, a big football club is constantly appraising acquisitions — players rather than companies — but he quickly discovered the gulf which can separate professional sport from corporate life.

A big signing was under consideration and a lot of money was set to change hands if everything could be agreed. But Gulliver found that the club had not prepared, or asked for, a report on the proposed player's disciplinary record, his susceptibility to injury, his willingness to move his family to the North, or any of the other details which allow management smoothly to fit an important acquisition into an established team.

Gulliver is currently engaged in a far more expensive transfer deal, which he hopes will take him back among the front-runners in the food distribution league. This time, he has the very fullest details about the acquisition.

Just before Christmas, Gulliver's fast-growing Argyll Foods group signed an agreement to buy Oriel Foods for £19.5m. He knows, as he says, "every brick in the place" because in the early 1970s he used to run Oriel, and he is about to inherit most, if not all, of his old senior management.



Leonard Burt

James Gulliver: hoping to buy Oriel Foods next week—"I know every brick in the place"

Bulky

A small, suntanned Scot who originally qualified as an engineer, Gulliver is driven, he says, by a determination to "be my own entrepreneur." The desire for independence has twice caused him to leave big corporations after developing successful subsidiaries.

Left to his own devices, he has built a patchwork of loosely-knit food companies with unusually diverse interests, ranging from manufacture and distribution, to retailing and the specialist freezer market.

He and his management colleagues "believe that we understood how we can co-ordinate buying, distribution and marketing and administration to the benefit of each operation," says Gulliver.

His bankers and shareholders have accepted this credo so far; but he is now entering the big league on his own account for the first time, and the test will be how far he can transform what is now a bulky collection of assorted businesses into a growing base for future profitability.

Gulliver's quest for independence achieved its first success at the end of 1972. After building up the Fine Fare supermarket chain for Associated British Foods, he branched out into Oriel, then a small distribution company capitalised on the stock market at about £3.5m. Following what has become a well established path for him, he shifted Oriel rapidly by acquisition further into food manufacturing and distribution before catching the eye of RCA Corporation, the U.S. television and records giant, which was then embarking on a major diversification programme.

RCA bought Oriel for £10.9m at the beginning of 1974 but asked Gulliver, together with his close associates David Webster and another ex-Fine Fare executive Alistair Grant, to stay on to develop a springboard for RCA's expansion into the European foods industry.

The additional financial muscle allowed Gulliver to push ahead further with the acquisition of a quoted grocery group, Morris and David Jones, for £8.9m in cash. By 1975, Oriel as a whole was turning over £140m.

Theoretical

But for a variety of reasons, chiefly associated with sterling's acute weakness which reduced Oriel's dollar earning capacity, RCA decided to unwind its diversification effort in 1976. Much as he wanted to, Gulliver was unable to effect what has now come to be called a management buy-out — again principally because of the currency factor — and he left the same year to go his own way until the door to Oriel opened again late last year.

He had not been idle in the intervening years. The Argyll group which he now intends to merge with Oriel has been built up by him and now comprises Edward Meats, the trimmed-down Louis Edwards group; Morgan Edwards, a chain of 59 retail grocers' shops and a Spar wholesale grocery franchise; three premium brand biscuit and cake manufacturers; and the business he believes will show the strongest future growth, Cordon Bleu, the freezer food operation.

Cordon Bleu has been put together only very recently, like Argyll as a whole. Gulliver is unable, therefore, to make a forecast for Argyll, or indeed for the merged group, but outside estimates put Argyll's profits for the current 15 month period to March at between £1.5m and £1.75m, on the basis of theoretical consolidation of all its constituents throughout the period.

Argyll has a market capitalisation of £25m at a pre-bid suspension price of 79p, and is producing annual sales of about £100m. Oriel has probably made £4.5m pre-tax for calendar 1980 before interest on sums owing from RCA. Its trading profits for the 10 months to October amounted to just under £4m, with cash and carry and edible oils activities contributing the lion's share at £1.2m and £1.3m respectively.

Argyll has been able to finance the deal with the latest in its lengthening chain of rights issues, this time raising about £8m, and a term loan of £12m from Samuel Montagu and the Midland Bank.

Shareholders' funds in the combined company will amount to almost £14m and net debt will stand at just over £2m, even after the term debt. It seems clear from the published pro forma balance sheet, then, that Gulliver expects to strip a good deal of cash out of Oriel.

Gulliver says that, under the RCA umbrella, Oriel's cash flow management has been run "competently rather than aggressively." It is still, for example, turning over £140m and its profits have also been flat. On the positive side, Oriel brings the merged group's sales to almost £250m, offering a relatively strong position in the food distribution and retail sectors.

The purchase price of £19.5m is £3.4m less than Oriel's net asset value when the last available set of accounts, to end-October, were drawn up. Cash balances have grown from £5m to £10.4m since then. Though that uplift is mostly seasonal, reflecting the boom in pre-Christmas volume, Gulliver is confident that he can keep net cash above £10m. To achieve that target, working capital will have to be managed more "aggresively" with the credit periods it demands from suppliers being stretched further, perhaps by as much as one and a half weeks. On a notional basis, that may possibly be worth a further £4m or so.

So the deal is expected to be partly self-financing, and Argyll's capacity for further takeovers has not been materially constrained by it, large though it is. After four rights issues in just over two years, there may be a case for consolidation, but Argyll has plans for further acquisitions.

The freezer market is regarded as a prime area for further deals. The trade is generally acknowledged to be growing rapidly, with the impetus stemming not just from first-time buyers but also from second and third unit purchases.

With the Snowking wholesaling subsidiary acquired with Oriel, Gulliver estimates that his Cordon Bleu sales in this market now amount to about £70m. That is still a long way behind the leader, Bejam, which is selling freezer food worth over £140m yearly and a further £8m and more in freezer cabinets.

Elsewhere, Oriel adds 58 Lo-Cost Discount retail stores to the 59 outlets operated in the Shrewsbury area by Morgan Edwards. The new purchase also brings in 29 cash and carry depots through Mojo Carryway, which has sales of some £36m.

Ready cash

Gulliver's target pre-tax margin on sales for business as a whole is 3 per cent, which he expects to hit in the year after next. Argyll, as it shakes down, is now returning about 2¼ per cent on sales and the more established Oriel is currently achieving 2½ per cent. Food manufacture is said to be offering a return of about 8 per cent at present but the premium biscuit subsidiaries' turnover is a mere £6m.

Argyll shareholders will have the opportunity to vote on the proposed Oriel deal on February 6; if for some reason they turn it down Midland and Samuel Montagu will finance Gulliver and his associates to buy it privately.

RCA has stipulated that the acquisition goes through in one form or another, which may say something about the attitude of an uninvolved conglomerate.

The fact that Gulliver has set up a contingent private company, Bowvine, to take it on by himself if necessary may also shed some light on Gulliver's own enthusiasm for the deal. Certainly, he would be hard pressed to find another opportunity which appears to yield such ready cash possibilities or an alternative deal which he knows so thoroughly. He could of course approach Fine Fare.

Weapons for the workers

Christopher Lorenz on the key role of circle members' training

HOW DIFFERENT are quality circles from previous attempts to improve the motivation of employees and to increase the quality and productivity of their works?

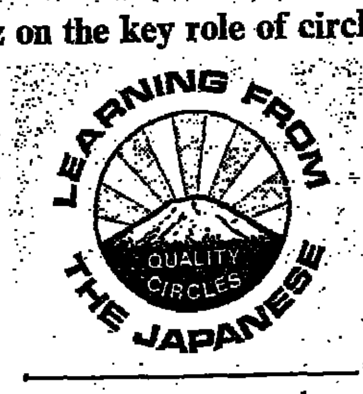
Take, first, employee communications and involvement. Companies have tried all types of group meetings over the years to improve communication between management and the shop floor. Many managers would echo Jim Rooney of Rolls-Royce, who complains that they have generally ended up as "blame sessions." "The operator blames the setter, the setter blames the foreman, the foreman blames the production engineer, the production engineer blames the designer, and so on—the problems continue, and all you have done is create an abrasive situation, rather than one which binds people together."

Formulas such as "communication groups" and "briefing groups" tend to work effectively only in the top-down direction, in terms of communicating management's wishes to employees, argues Mike Thomas, a psychologist now working as a senior consultant with PA International. In the reverse direction, workers' suggestions and complaints "usually just disappear into some file." And "joint consultative committees" are strictly representative, involving few floor members or supervisors.

Rooney and Thomas are ardent enthusiasts for quality circles. The key advantage Thomas sees for them over other communication and motivation devices is the training that goes into establishing a circle. For perhaps the first time, shop floor workers are given the knowledge of how to resolve technical work problems in an organised way, through group brainstorming, check sheets, pareto charts, cause and effect diagrams, and so forth. Foremen or supervisors who volunteer to become circle leaders are also trained in various aspects of group leadership.

As a result the shop floor can communicate with management on far more equal terms than in the past, with a consequently greater chance of making its voice heard. "As a result, potential wingeing sessions are turned into mainly structured and positive affairs," says Mike Robson, PA's circle co-ordinator.

His point is reinforced by a manager at Brintons, a large British carpets manufacturer, who says that the sophistication of one circle's first presentation "nearly made me fall off my chair."



Western businessmen have argued for years that Japanese management practices will not work in American and European companies. But in an attempt to improve employee motivation, productivity and quality, hundreds of them are now encouraging small groups of workers to band together in what the Japanese call "quality circles." Today's article is the third in a two-week series on this phenomenon, and its chances of success.

Quality circles also represent a departure from the past in their function as forums for improving the quality and productivity of work, whether on the factory floor or in white-collar offices.

The western approach to quality management has come a considerable way since the Second World War, at least in the better-run companies. No longer content to rely purely on inspecting products at the end of the manufacturing process, they have introduced a whole series of mechanisms at various stages in the design and manufacturing process, in an attempt to reduce scrap rates and to prevent many defects occurring at all. To recognise this change, the term "quality assurance" has been coined, in place of the traditional phrase "quality control" (though the term is often mis-applied to dress up a basic quality control system).

Some companies have also developed elaborate ways of exhorting employees to improve the quality of their work, whether through their own individual performance or through the suggestion of changes in the way their section's work is organised.

But even where the typically American excesses of flag-waving and button-wearing have been avoided, quality improvement has been very much a top-down matter of management instructing the workers. Try as they might to encourage employees to "tell us what your problems are," the solutions have usually been devised and imposed by management.

Into the latter category have sometimes fallen "Make Certain" and "Zero Defects," two of the quality improvement techniques which have received most publicity in recent years as "participative" programmes, thanks in particular to their worldwide espousal by ITT.

"The difference between such approaches and quality circles is that circle members are not only trained in problem-solving, but are given much more opportunity actually to apply their own solutions," says one long-standing practitioner of "Zero Defects."

Tony Seed, quality director of ITT Companies in Britain, goes even further. Though supporting the formality of ITT's existing quality management system, of which Zero Defects forms just a part, he admits that it is largely top-down and that it encourages managers to think that "if you tell people what to do it will happen and if you just apply the procedure everything will be all right."

"Programmes which are handled like that tend to be short-lived," says Seed, who for the past year has been hard at work organising the introduction of quality circles into several of ITT's plants. "There must be considerable investment in people, not just in the campaign itself," he emphasises. By making this human investment he hopes to have half the company's 6,000-strong workforce involved in quality circles within about two years.

Seed's success also depends on continued support from above. His managing director, Ken Walton, is well aware that circles will not succeed "unless the top guy is a great fan" and makes his commitment quite clear to the managers, employees and union officials under him. Walton professes himself a firm disbeliever in the old adage that the life of any management structure, style or technique—quality circles included—is naturally limited. The good ones "become part of your life," he says.

On Friday's Management Page: How the Europeans are adapting the quality circle concept.

FINANCIAL TIMES SURVEY
Wednesday January 28 1981

Mass Transit Systems

The scale of mass transit systems under construction in dozens of cities throughout the world is reflected in the large sums being spent on new and existing urban projects. In the U.S. alone, more than £530m is likely to be spent on four major projects, now under way.

Projects on a grand scale

By Lynton McLain
Transport Correspondent

INVESTMENT IN railway systems and mass transit projects around the world is set to continue this year, though at a reduced rate compared with the rapid expansion of the 1960s and 1970s when production of rail equipment boomed and railways in many parts of the world assumed a new importance in the lives of the communities they served.

The need for economies at a time of world recession in trade and pressures on financial resources from other, more pressing, community programmes has had a perhaps inevitable impact on spending on mass transit systems.

A total of £18.2bn is expected to be spent this year on new and existing rail systems of all kinds in the non-Communist world, including long distance rail systems and urban mass transit projects.

This forecast spending on all systems and projects, urban and main-line, is about 6 per cent more than in 1980, but it represents slightly less investment in real terms after inflation than in 1980, according to the International Railway Journal which gave the figures in its latest world poll of investment plans published this month.

In contrast, the total investment in 1980 was almost a third up on the previous year.

The bulk of the total investment in railways forecast for 1981, at £14.2bn, is for conventional main-line railway projects. Nevertheless, the scale of the mass transit projects now under way in dozens of major cities throughout the developed and developing free world is reflected in the large sums to be spent on new and existing urban projects.

More than £4bn, 22 per cent of all rail investment this year, is expected to be spent on the 83 urban mass transit systems covered by the IRJ survey.

This sum covers expected spending on upgrading operational mass transit systems and on the planning and building of completely new systems or extensions to existing urban networks.

Investment

These new systems account for £1.4bn of investment in mass transit systems, or just over 37 per cent of the mass transit investment.

The U.S. dominates spending on new mass transit systems and the £530m expected to be spent on the four major new schemes now under way, in Baltimore, Denver, Miami and Pittsburgh (the light rail system), accounts for over a third of all new spending forecasts for this year on mass transit systems.

The U.S. is also continuing investment on existing metro systems, including those in Atlanta, Boston, Cleveland, New York, Pennsylvania, Pittsburgh (the commuter rail system), San Francisco and Washington.

Other existing systems where investment is continuing this year include the Hong Kong "modified initial system," where about £12m is to be spent on stations, tunnels, viaducts, other civil engineering work and rolling stock, track and other ancilliary systems.

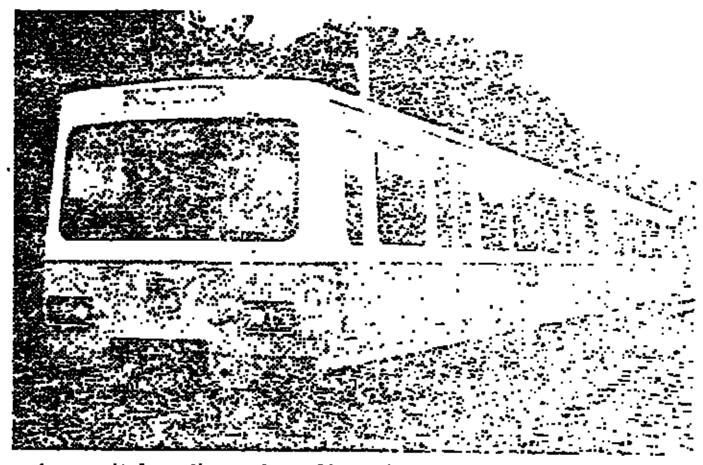
Spending by Hong Kong on the extension of its system to Tsuen Wan is also planned for this year, with more than £81m likely to be spent on stations, tunnels, rolling stock and other items.

Britain has almost no new line investment planned for this year in mass transit systems. Of the total capital spending of £145.8m planned—by London Transport (£79.6m), the Glasgow metro (£35.2m) and the Tyne and Wear Metro (£31m), Britain's only metro systems—only £6m is for new line construction, on the Tyne and Wear Metro system to South Shields.

After the U.S., Thailand is second in the list of top 10 countries with major new schemes planned or under construction this year. A programme of almost £300m is under way in Bangkok.

Egypt, third on the list, has plans to spend about £120m this year on its mass transit system for Cairo, where a quarter of the country's population live. Already about 85 per cent of the city's population travels by public transport.

Congestion from traffic is a major problem for Cairo's planners and although it is hoped that the new system, when running, will reduce delays and speed passenger flow, tenders for the first phase of a three-line underground system which were to have been awarded in November have been delayed.



A twin light rail car, from Metro-Cammell, on the new £[illegible] Tyne and Wear Metro, now in its final stages.

London Transport	II	United States	IV
Tyneside Metro	II	South America	IV
Trans-Clyde Railway	II	Egypt	IV
West Germany	III	Hong Kong	V
France	III	India	V
USSR	III	Japan	V
Canada	IV	Italy	V

Other substantial new schemes are also planned or under construction in Canada, where the boom town of Calgary is to get a south line and a northwest line. Plans are also going ahead for the acquisition of land in Vancouver for a mass transit system.

Other multi-million pound schemes are also planned for Venezuela, where Caracas is to get 15 km of new track, new stations, signalling and rolling stock, as well as escalators, fare collection equipment and other vital ancillary equipment for its current (1981) investment of £82m.

New schemes are also under construction in Germany, where 11.9 km of new lines are under construction at Duisburg and almost 6 km of lines are being built at Dortmund.

The latest metro scheme in France is at Lille, where 12.5 km of new lines are to be built, with some already under way. New rolling stock is also planned, as part of this year's forecast spending of over £50m in the Lille mass transit system.

One of the largest investment schemes to an existing mass transit system is now under way in Paris. The city's Metro authority has plans to spend approximately £225m this year alone on new rolling stock and the construction of almost 16 km of new rail lines, stations, signalling, electrification, track and tunnels and major improvements to the system.

In Holland, Utrecht has an ambitious plan to build 20 km of new lines, to be operated by 27 twin-car sets of rolling stock. The total cost here is estimated at £46m.

Turin in Italy also has ambitious plans for a total of almost 28 km of light metro rail line. Of this, about 4 km are now under construction and with associated work are expected to cost about £37m. The total investment in the additional 24 km would approach £120m.

Figures for investment in mass transit systems by China, the Soviet Union and other communist countries were not included in the survey. But systems in the Soviet Union have been expanded steadily with the growth of cities and the Moscow metro now carries about 7.5m passengers daily between 115 stations on 122 miles of track.

In the non-communist world, the large investments planned are designed mainly to allow new track to be built. Stations and civil engineering work also account for a high proportion of spending at the current stage of development of the new schemes. At this stage, however, spending on new rolling stock represents a much lower priority, but one which will assume greater importance as the pace of development and building progresses.

This is illustrated by the plans for this year for Britain's three mass transit metro systems, in London, Glasgow and on Tyneside.

Glasgow plans to buy 33 electric trains for its new system this year at a cost of about £8m, compared with the £12m to be invested by the end of the year in stations and the £7.75m to be spent on track and tunnels.

In London, the home of the world's first public transport metro system, dating back to the 19th century, major line improvements account for only £1.5m of total capital spending this year by London Transport and design work for new lines will cost about £100,000.

Biggest item

Improvements to stations will add £16m to this year's capital spending, but the biggest single item will be rolling stock, which will cost LT an estimated £52m over the period.

The continued interest in and financial commitment to urban mass transit metro systems by transport authorities around the world has focused the attention of those other authorities which do not have similar plans on to an examination of the case for high investment in completely new systems.

The arguments marshalled by advocates of mass transit systems include savings in energy, the benefits to all city dwellers from reduced congestion and the unquantifiable prestige that can come to a city when it opens its doors to its first metro passengers.

In the case of the Tyne and Wear Transport Metro, opened in August last year as Britain's newest public transport project, the planning authorities welcomed the prestige which accompanied the spending of more than £280m on the system in an area of Britain which had suffered more than most from the decline of traditional industries.

It was hoped that the local metro would enhance the attractions of the area as a base for new industries, perhaps sited away from the traditional industrial sites.

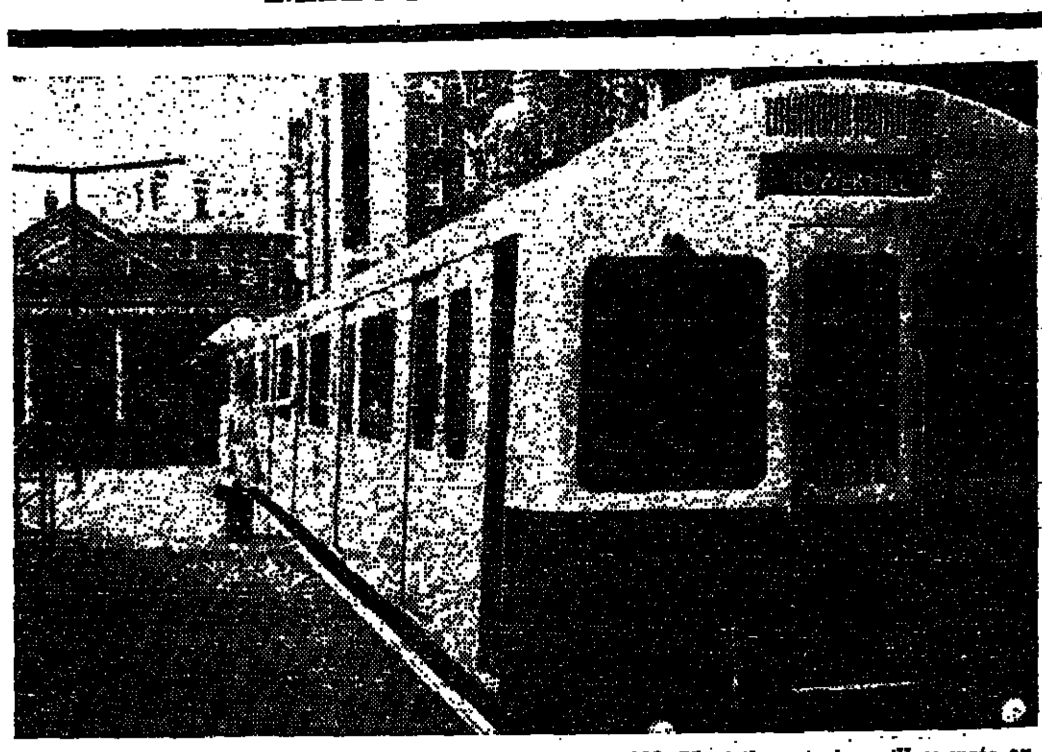
Metro operators in other cities and other countries almost certainly have similar aspirations but often need them realised urgently as a counter to the heavy costs involved and as a way of further justifying the investment.

Systems planned or under construction

	Values in £m
Baltimore, U.S.	320.13
Denver, U.S.	79.2
Miami, U.S.	78.4
Pittsburgh, U.S.	52.4
Bangkok, Thailand	294.9
Cairo, Egypt	119.1
Calcutta, India	18.4
Dublin, Ireland	13.9
Calgary, Canada south line	56.3
Calgary: northwest line	59.3
Vancouver, Canada	2.8
Caracas, Venezuela	82.26
Dortmund, West Germany	24.68
Duisburg, West Germany	37.12
Lille, France	51.43
Helsinki, Finland	19.3
Kyoto, Japan	6.2
Manila, Philippines	99.17
Turin, Italy	37.25
Utrecht, Netherlands	46.0
Total:	£1.49bn

Source: International Railway Journal

MASS TRANSIT SYSTEMS II



One of London Transport's new D78 trains. By early 1982, 75 of these trains will operate on the District Line.

A mood of greater confidence

LONDON TRANSPORT

LONDON TRANSPORT, the world's largest urban passenger transport operator, entered 1981 with far more self-confidence, modest improvements to its bus and underground train services and a *management more conscious* of the need for tight financial monitoring and control than could reasonably have been hoped less than a year ago.

Then the future of London Transport (LT) looked decidedly bleak. The six-man London Transport Executive, the operation's top management, had told its political masters at the Greater London Council (GLC) in June that LT could lose an unprecedented £134m by the end of this year. This gloomy *forecast was made on* the assumption that inflation would be at an annual rate of 20 per cent, that LT did not increase its fares and that GLC grants to LT *were not* increased.

The projected loss was a *dramatic warning* that something had to change in the management and control of London Transport, particularly as the forecast came after publication *of the results* for 1979. Total losses in that year reached £31.4m, cut to a loss of £15.7m only after LT had transferred its entire general reserves to *the operating account.* These were the worst trading results for more than a decade.

Behind the release of these figures last year was a distaste*ful and morale-sapping* compaign of bitter words between Mr. Ralph Bennett, the former chairman of the London Transport Executive, and Sir Horace Cutler, the *leader of the* GLC and the man who had earlier appointed Mr. Bennett to the capital's top management job in transport.

The conclusions from a report from management consultants finally led to Sir Horace Cutler sacking Mr. Bennett on July 24, a development which brought to an end the *acrimonious* exchanges between the politicians and the executive. The report by PA International highlighted the need for the chairman of *London Transport* to *instil* a "sense of purpose" into the executive and to re-establish relations with the GLC.

Under the new, and current, chairman, Sir Peter Masefield, a former part-time member of the executive and a joint deputy chairman of Caledonian Airways, these changes have clearly already taken place.

Sir Peter started his job as chairman with the "number one priority" of making LT live *within its financial resources.*

He now has regular monthly meetings with GLC leaders where he explains the findings of his major new management *innovation* the so-called "howgozit" approach.

The essence of the new approach is the regular Monday morning meetings of the top management team, including Dr. David Quarmby, managing director of the bus business, and Dr. Tony Ridley, managing director of the railway system. The figures produced for the meetings show all the managers instantly where they are, or are not, departing from agreed targets.

It is the nearest London Transport has come in its long history to knowing "in real *time*" *precisely the state of the* finances which are so much at the heart of transport operations in London.

Bus districts

Sir Peter has *continued* the theme of decentralising management at London Transport. He has identified three business areas—the rail sector, the bus business and *the* LT property business.

Bus districts have already been set up under local management and Dr. Tony Ridley, the managing director of the railway system has restructured the nine operating lines into four groups, again under four divisional general managers.

For the future, London Transport wants to examine its relations with British Rail. Both are public transport operators with a major part in bringing commuters to their workplaces in London. But their respective systems are not integrated, they do not have common fare structures and it is not possible to move from one mode to another on one ticket.

Dr. Ridley is not looking for the much-vaunted solution of a "passenger transport executive" for the whole *of* London, at least not as a priority. He believes much needs to be done urgently, including establishing a case for more money for London's railways — those of BR, as well as London Transport — which already provide the only practical way of getting to and from work for 600,000 people a day.

Buses make up the other major component of London Transport's passenger business and accounted for 1,234m passenger journeys *in London* in 1979, the latest available figures. This compared with the 594m passenger journeys made on the tube trains in the same year.

In terms of revenue support and grants, the 6,481 buses of London Transport (in 1979) accounted for £75.6m, compared with the £35.2m needed by the *underground.*

Despite the grant, the buses produced an operating deficit of £53.9m in 1979, after receipts, including the grant of £238.7m. *The underground system,* on the other hand, produced an operating surplus of £12.2m from total receipts of £240.1m.

The high costs of the bus system are recognised by *LT* and plans are under way to match more closely the available financial resources, and those that can be created, through improved marketing, *with the* demand from passengers. One of the problems faced by Dr. David Quarmby, the managing director of London's bus system, however, is falling passenger traffic.

Total demand from bus passengers is expected to fall by about 4 per cent this year compared with 1980. This would be on top of the 15 per cent decline in passenger journeys over the past five years, as London Transport feels the impact of the steady fall in the population of London, which has taken place over the past decade, *at the rate of* a loss of 1 per cent a year.

LT can do little to reverse this demographic trend, but the impact on the financial resources generated by the bus business is worrying, particularly at a time when figures for car ownership in London are rising.

Lynton McLain

Magnet for new industry

TYNESIDE METRO

THE FIRST stage of Britain's first "Supertram" light rail transit system, linking Newcastle upon Tyne with Tynemouth on the north-east coast, passed a notable milestone last August when the Tyne and Wear Transport Metro accepted its first fare-paying passengers.

The event was a relief to the local councillors, engineers, planners and designers, for it *was preceded by* about nine years of often difficult and challenging work, made all the more arduous by labour disputes and Government financial reviews.

But the metro was now earning revenue instead of simply adding regularly to the bills of local ratepayers who had contributed substantially to the final cost of the 26-mile network, north and *south of the* River Tyne.

The final cost of the project—when the last stage is completed from Newcastle to South Shields south of the Tyne by autumn, 1983—is expected to be approximately £280m. However, by 1985 when all the bills are *expected to* have been paid the final sum for the entire scheme is likely to be between 9 per cent and 11 per cent more than originally planned.

Engineering design changes will have been responsible for only about six per cent of the extra cost. Delays caused by a re-appraisal of the scheme by the Government in 1976 also added to the expenditure.

The Government re-examined the entire Tyne and Wear metro project at the time as part of its agreement with the International Monetary Fund five years ago to review and cut public spending in return for a substantial IMF loan.

Just how close the Government *came to halting work on* the project was clear from statements at the time by Mr. William Rodgers, the former Transport Secretary, who said the metro had been saved. It was the fact that the Metro was an existing project, rather than a new venture which had not yet started, which persuaded the Government to maintain its support.

The Government also recognised that the metro meant a great deal to the north-east of England—one of the regions most seriously affected by the decline in traditional heavy *engineering industries such* as shipbuilding, steel-making and heavy plant manufacture.

Unemployment

This decline and the accompanying high level of unemployment—20 per cent in places—encouraged the Government to support the metro project with a non-repayable grant of £160.88m. Any expenses over and above that ceiling had to be found by the local council.

This requirement has added between 6p and 7p to the local *rates, an* extra *burden which* helped fuel a vigorous local debate about whether the scheme was needed or, indeed, wanted at all in an area where financial resources were already stretched.

However the Tyne and Wear Passenger Transport Executive, which operates the metro, turned to leasing schemes as a way of financing part of the rolling stock purchase. The Wallace, Smith Trust in the City of London helped with a £23.5m leasing facility, for 15 years to 18 years, to help obtain 56 passenger rail cars from Metro-Cammell of Birmingham.

This leasing facility proved to be a useful way of helping the local PTE meet some of the burden of the extra costs for the metro system. The European *Commission* also helped with a grant of £2.8m from the EEC social fund for training of personnel to operate the Metro.

Now, the metro system is in operation, in part, the PTE has to finance 80 per cent of the running costs direct from revenue. This compares with a 71 per cent self-financing ratio on British Rail and about 70 per cent on London Transport, the world's largest mass transit system.

In planning to meet this high self-financing element, the Tyne and Wear PTE has to counter lower-than-expected growth rates *for numbers of passengers, but* may be able to take comfort in the failure of local car-ownership figures and road-building forecasts to match the high growth expected in the PTE's transport programme, "A Plan for the People," published in 1973.

The people of Tyneside now have the most up-to-date metro system in Britain and the only *public transport system* in the country to be fully integrated with the local bus operations. Tickets are valid for bus and metro.

The planners want the metro to become a magnet for new industry to revitalise the area. Already, apart from the teething troubles expected with any new and complex system, it looks set to meet the highest expectations *of its creators* and provide a much-needed boost to the transport infrastructure of an area of the UK with immense potential for growth.

No other authority in Britain has a scheme to compare with the Tyneside Metro and the chances of new systems being approved by the Government look bleak, perhaps to the end of the century.

L.M.

TRANS-CLYDE RAILWAY

Advanced system with few equals

FOR THE past nine months, Glasgow has basked in the glory of having one of the most technically-advanced underground railway systems in the world. The fully-automated system has only one equal in Britain—London's Victoria line—and few abroad.

It is therefore surprising that Glaswegians *have not* taken more quickly to their new circle line, linking 15 stations within the inner city, a railway that replaces the earlier one which was closed in 1977 after 81 years.

The reason is that Glasgow's Clockwork Orange, so nicknamed because of the colour of *the trains, got off to* a faltering start. When the Queen officially opened the system on November 1, 1979, she could take only a token ride between *two stations.*

After many vicissitudes connected with commissioning the rolling stock, the system did not come into operation for five more months and it was *not* completely operational until last September.

Mr. Alan Westwell, director general of Strathclyde Passenger Transport Executive, admits that the bad start led to a fall in confidence in the network. "It was not until the end of September, when we were able to run a full service through until late at night, that people began to realise how good we were. Then, with the start of the university term and the *build-up* to Christmas, confidence flowed back."

That confidence led to a peak figure of 51,000 people using the service on the Saturday before Christmas. The average daily figure is slightly below this, probably about 43,000, which would give an annual total of 13.5m passengers.

Target figure

Such a figure is well on the way to the executive's target of about 20m passengers a year, which would help to justify the £53.8m outlay, somewhat higher than originally planned. The total outlay on the trans-Clyde network, which includes the Argyle line run by British Rail on behalf of the executive, is £88.8m.

Even 20m passengers would come nowhere near the peak of 38m carried by the original underground in 1950, but Glasgow will never achieve that figure again. *Car usage has re*placed many journeys by public transport, the economic base of the city has changed with the shipyards on the river quiet compared with three-shift working in the post-war years; and the city's small terraces of houses have been pulled down and their occupants moved to housing estates on the outskirts.

So the underground has to look *for a new clientele* and Mr. Westwell believes that one of the most encouraging stastics he can offer is that 11 per cent of the passengers carried has been new *traffic generated.* Such an achievement is a significant gain in such a short time.

The underground in Glasgow has to be seen in the context of the region's railway system as a whole. *Strathclyde* has the largest network in Britain outside London and linking both sides of the Clyde was an important piece in the jigsaw. This was done essentially by the Argyle line, though the underground plays a vital role in this as well.

The through link by British Rail had been ended in the early 1960s when the then Dr. Beeching swung his axe in an attempt to create a viable railway system. The effect in Glasgow was to cut the com*mercial heart of the city,* which lies north of the river, from much of the industrial hinterland and the housing estates on the southern bank.

Fortunately, the north-south link operated by BR opened on time in 1979 and this played an important part in sustaining faith in the transport patterns of both the city and the wider region.

But the railways, over and under ground, are not the full *story. Strathclyde has designed* its passenger network in such a way that bus operations eventually will dovetail with the railways, through railheads and bus terminals outside the main stations.

However, what is undeniable is that both Glasgow and Strathclyde now have a system that will take them into the next century. Major road spending in the city has been completed and it is unlikely that more heavy spending on railways will take place.

So *the patterns laid out* for the region have been established and it is now up to the inhabitants of this part of Scotland to turn a highly-automated network into a profitable system.

Anthony Moreton

هكذا من الأصل

MASS TRANSIT SYSTEMS III

West German Federal Railways is investing in passenger comfort, rather than speed. Above: the interior of one of 140 new air-conditioned second-class carriages.

A "Val" automatic subway carriage designed for use in Lille, France, this year. One unit of two carriages can carry up to 208 passengers at 60 km an hour.

Tight budgets force cutbacks

W. GERMANY

IN A time of tight budgets, West Germany is being forced to reconsider its policy of introducing some costly new transit systems, as opposed to more simple methods. As a result one of the country's most important newly-developed short-distance public transport systems, the Cabintaxi, may never operate.

The system was designed by Messerschmitt - Boelkow - Blohm (MBB), the country's leading aerospace concern, and Demag Foerdertechnik, the technical arm of Mannesmann, to offer a serious alternative to conventional forms of urban transport. It was to have been introduced into public service in Hamburg this year.

Hamburg had decided in spring, 1978 to adopt a partial Cabintaxi service. The Federal Ministry for Research and Technology agreed to fund 75 per cent of the DM 370m (£78m) project, but it has now announced that it is forced to scrap its participation because of budget cuts. Although West Berlin and Marl, a small town in the Ruhr, also expressed interest in the Cabintaxi a few years ago, it now looks as if the first of the German automated guideway transit systems to reach fruition after extensive testing (on a demonstration track at Hagen in Westphalia) is bound to perish for lack of funds. For the budgetary squeeze felt by the Ministry is also experienced by most German municipalities.

Research into the so-called C-bahn technology—the basic concept not only of the Cabintaxi, but also of the Cabintrain and the Cabinlift—has been funded by the federal research and technology ministry to the tune of DM 120m since 1971. All three systems share specific features: electrically-powered vehicles on rubber tyres move—supported or suspended—automatically and driverless on elevated guideways, thus opening up a second traffic level. While the Cabintaxi was to use small vehicles with three to 12 seats for request stops, the Cabintrain was to carry between 25 and 40 passengers for scheduled line operation.

The Cabinlift, however, was devised for internal use between buildings to carry passengers and goods. A first Cabinlift system already in daily operation at a hospital near Kassel is proving entirely successful.

Whether the other two short-distance automated guide-away systems currently under investigation in West Germany will share the fate of the Cabintaxi, remains to be seen. They are the so-called H-bahn, a joint venture of Siemens and Waggon-Fabrik Uerdingen, which works on a similar principle to the Cabintaxi. It is currently being tested in Erlangen, near Nuremberg. And the M-bahn which can operate on an elevated, ground-level or underground track. Its vehicles are levitated by permanent magnets and propulsion is achieved by electrical equipment in the track.

Both systems will soon be ready for commercial application, when the problem of finding the necessary funds without government aid may well prove their end.

A new generation of buses seems to have a better chance of being put into public service in the not too distant future than the expensive guideway systems. "The advantage of not having to provide a special trackway for buses counts heavily at a time of financial pinch," a transport ministry official said.

The newly developed buses all aim to provide energy savings, environmental acceptability and quietness of operation. A consortium led by MAN (Maschinenfabrik Augsburg-Nuernberg) has presented the Gyrobus, a modified standard bus with a diesel engine combined with a flywheel for storing the braking energy. Daimler-Benz and Robert Bosch have designed the hybrid electric bus which runs on batteries in the city centre and switches to a diesel motor (as a battery charging unit) outside this area.

Another joint venture of Daimler-Benz, Bosch and Dornier is the Duo-buas. This bus comes in two forms, according to the type of propulsion: a mains-electric-diesel bus and a mains-battery electric version.

MBB's R-bus system, a demand-responsive computerised bus service intended to improve public transport at the fringe of densely-populated areas and in areas with commuter train connections to larger towns, is already being tried on a small scale in Wunstorf.

Work on new means of long-distance transport in Germany has concentrated on the magnetic hover train. In 1974, MBB and Krauss-Maffei decided to develop a transport system that closes the speed and distance gap between cars and aircraft. The companies formulated their objective as providing high speeds, such as 400km/h for long distances and 300 km/h for short distances; greater safety through a high degree of automatisation; and economic maintenance through reduction of mechanical wear.

The result was the Transrapid, an electro-magnetic system based on ferro-magnetism using a narrow "floating clearance" of 15 mm above the tracks, a 31 km test track in Emsland in Northern Germany, is under construction to demonstrate the advanced stage of German magnetic levitation technology. Should the Transrapid prove itself, large-scale application is hoped for by the research ministry. In the expectation of favourable results, the ministry is now urging the federal railway, Lufthansa, the German civil aviation company, and Industrieanlagenbetriebsgesellschaft, a government-owned planning company, to take on commercial exploitation of the trans-rapid system.

Elgin Schroeder

New high speed links planned

FRANCE

ANYONE WHO thinks that the age of great railway stations is dead might like to take a walk around the Chatelet-les Halles station under what used to be the Parisian Central Market. It is the biggest complex of its kind under the earth and gives an idea of the ambitious and often stylish way in which the French have set about improving their capital's public transport network.

The *belle epoque* entrances—the city's first underground line, running through Chatelet, was built in 1900 by an engineer with the resounding name of Fulgence Bienvenue—have been preserved. But the underground area has been gutted to accommodate seven lines, including the high-speed suburban RER network for which the station is designed to act as the principal "crossroads."

The RER, which first started commercial services 11 years ago, has made a big impact in some suburbs. Yet there are still serious disparities between the city itself, with its 15 Metro lines (the biggest network in the world, after New York's) and an excellent bus service, and its outlying areas where more and more Parisians are moving.

The RATP, the subsidised local transport authority, is planning to extend the RER system so that, by 1980, it will have 200 stations, against 57 so far, over a radius of 30 miles. Apart from a new north-south through-service, the main novelty will be an interconnection between the RER and suburban services operated by the State-controlled SNCF railways.

The Metro itself is gradually pushing its tentacles farther out. A more flexible suburban bus service—perhaps more akin to collective taxis—is being studied for the problematical "outer ring."

But growth in capacity, which has been rapid in the last 15 years, will now slow down. With little population growth, the number of daily journeys is expected to increase by only 10 per cent in the decade.

Fares have been kept down, thanks to subsidies now running at around FFr 4bn (£40m) a year, partly direct payments from central and local authorities, partly covered by a payroll tax on Parisian employers. The latter covers about 44 per cent of the deficit for public transport in the Paris region.

The basic bus and underground ticket at FFr 3 (28p) is roughly on a par with New York's token system—but most people pay less by buying in bulk or subscribing to an "orange card." Covered by the payroll levy, this provides unlimited use of all central services for FFr 85 (£8).

Marseille, which inaugurated its system in 1977, went for extra-wide carriages, and Lyon, starting a few months later, made them wider still.

Trend reversed

Lille, where a line is scheduled to start operating in 1983, reversed the trend and made its trains narrower than any others.

Paris and Lyon, the country's two main economic centres, are due to operate a new high-speed rail link in September—France's answer to British Rail's advanced passenger train. The French version, called the TGV, is fundamentally different from the British, since it involves a complete new line, drawn straighter than the old one, avoiding the need for a tilt mechanism on bends and cutting the distance from 319 miles to 264. The first services will use only part of the new line.

When the northern section is opened in late 1983 the SNCF aims to have the time down to 2 hours from 3 hours 48 minutes. This means an average speed of 132 mph and a top speed of 165 mph.

The project has been the subject of some controversy because of its effect on Air Inter, the domestic airline, which reckons it will lose half its passengers on the route, and partly because of the cost—calculated in 1979 at FFr 7.5bn (£700m) including FFr 4.6bn for the new track.

The SNCF, which claims the trains will be more fuel-efficient than the Airbus, will compensate by cutting normal services and charging higher peak fares.

David White

Wide experience in metro projects

USSR

STALIN INAUGURATED the Soviet passion for urban mass transit systems when he decreed construction of the Moscow metro in the 1930s. This was intended to be not only fast, cheap and efficient, but also a monument to Soviet achievement.

The Moscow metro system with its steep, rapid escalators and sumptuous chanderliered underground stations remains the pride and the model for Soviet metro builders. It has steadily expanded with the growth of the city itself and now carries 7.5m passengers daily between 115 stations on 122 miles of track.

Fares have remained unchanged at 5 kopecks (just over 3p) for any length of journey on trains which run at two-minute intervals by day and every 50 seconds during rush hours. The same fare applies to all Soviet metro systems.

Eight Soviet cities—Moscow, Leningrad, Tashkent, Kiev, Kharkov, Baku, Tibilisi and Yerevan—now have their own metros and construction is underway in four more—Minsk, Gorki, Novosibirsk and Kubishev. In four more cities planning is now at an advanced stage so that Sverdlovsk, Riga, Omsk and Rostov-on-don should have their own metro systems before the end of the century as well as President Brezhnev's home town of Dnepropetrovsk which is currently under discussion.

The target

The long-term aim of Soviet planners is to construct mass transit systems in all cities with more than a million inhabitants. Some 19 cities would qualify at present population levels, but the process of urbanisation carries on apace in the Soviet Union, despite the overall slowdown in population.

Soviet cities have a uniformity which stems from the standardised pre-fabricated construction methods used to build the enormous new housing estates of high rise flats which now ring all Soviet cities. Broad radial highways connect the new suburbs to the city centres and the new metro lines usually run parallel to these main urban arterial roads, using cut and cover methods of construction. Average construction costs range from £8m a mile for simple suburban lines to £72m for complex deep-tunnel and anti-seismic lines.

More than 2,100 Soviet cities are served by regular urban bus services while the 142 largest cities also have trolley buses which are now coming back into favour in a big way. Trams also run in 110 cities.

Co-operation in mass transport systems is now co-ordinated throughout Comecon. Czechoslovakia specialises in high speed urban trams; Hungary's Ikarus bus company has profited from Comecon-wide orders for its sophisticated, tough buses—and it has built up a useful export trade with Western countries as well—including the United States. But the Soviet Union itself is the main supplier of metro-building techniques and metro cars.

Designs

New, lighter weight metro cars are now starting to be produced, but the ubiquitous standard Soviet metro train has changed little since the first metro was built in the 1930s. These trains are tough, fast and—thanks to the wide Soviet rail gauge—spacious. Czechoslovakia designed its own lightweight, high-speed metro car for the Prague metro, but this was abandoned after 1968 and the Prague metro, like those of Budapest, Bucharest, Sofia, now uses Soviet-made cars.

The Soviet Union's vast experience in metro building is now being utilised in bidding for metro construction projects outside the Comecon area. It is specially skilled in the construction of earthquake-proof metro systems, an experience gained in building the Baku and Tashkent metro, both sited in highly seismic areas. The Tashkent metro was built as part of the reconstruction of the city after the 1966 earthquake. It survived unscathed the smaller shock of 1976. Special soil-freezing techniques were also perfected during construction of the Moscow and Leningrad systems. Now Soviet engineers are working with Hungarian engineers on construction of the Calcutta metro. They will then move on to help with similar projects in Delhi, Madras and Bombay as part of the long-term Indo-Soviet trade and co-operation agreement.

Despite the low fare structure, the Moscow metro makes an annual profit of around £12m and Soviet planners reckon it takes 33 years to recoup the full cost of building modern mass transit systems of this kind.

On a broader calculation which takes into account social convenience and the savings of time, however, they calculate that metros pay for themselves within five years.

Anthony Robinson

Changes are accelerating

CANADA

CANADA'S major urban transportation systems are undergoing a period of accelerating and, in some cases, dramatic change as part of a collective community effort to wean the country's commuters away from excessive use of fuel-hungry cars and towards use of public transport.

In Toronto and Montreal, the two largest cities with the most well-established urban transport networks, the changes taking place are in the form of expansion of existing systems—mainly bus and underground—and their adaptation to newer modes of service extending to the fringes of suburbia.

The public transport networks in Edmonton, Calgary and Vancouver in Western Canada are beginning to move away from virtually exclusive dependence on the bus and towards surface and underground rapid transit modes.

Busiest system

Toronto's Transit Commission (TTC) administers the busiest system in the country, directly serving a population of more than 3m, a fraction larger than that of Montreal. Last year, the TTC carried 365m passengers, compared with 346m in 1979, and it did so with a fleet of 1,376 buses, 672 underground cars and 257 streetcars, the only major city in Canada still operating a streetcar system.

In addition, it is plugged into a GO-Transit system—a 30-mile leg of diesel-powered commute train running along the shore of Lake Ontario and linking Ontario with the steel manufacturing centres of Burlington/Hamilton to the southwest. This is operated by a separate authority.

Its backbone, however, is its 36-mile underground system, which became Canada's first when it opened in 1954 with a four-mile track. Seven subsequent extensions, most of them in the 1970s, have pushed it to its current level of development.

A body called the Urban Transportation Development Corporation (UTDC), set up by the province in 1973 to (in its own words) "help improve city living through the development of better public transportation equipment and systems," is now at the centre of new urban transport developments, not only in Ontario, but in other parts of North America.

Its initial step was to co-ordinate development, with Hawker Siddeley of Canada, of new, lightweight street car carriages to replace those in use on Toronto streets. These are being phased in this year, and will be used on a new four-mile route in northeast Toronto being opened in 1983.

But by far the company's most important work has been in the development of its own Intermediate Capacity Transit Systems (ICTS), a lightweight rail carriage capable of handling large volumes of passengers and travelling on overhead or underground transit networks.

The ICTS programme has won adherents outside the province, and last year the provincial agency won a $650m deal to supply the system to Vancouver.

Montreal's Urban Community Transport Company (MUCTC) last year carried 300m passengers, making it a close rival to Toronto's TTC in passengers moved and even larger in numbers of buses (2,041) and underground carriages operated (759).

The underground system opened in 1966—later than Toronto's—but has expanded more rapidly.

The idea, then, is to take advantage of the opportunities provided by the existence of an extensive rail network serving greater Montreal. The rail systems, operated by Canadian Pacific and Canadian National Railways, the two national companies headquartered in Montreal, have been in a run-down condition for more than 20 years, and the idea of an integrated, modernised system is not a new one.

Until now, the parties involved have been unable to agree on how this should be done, one reason being that the rail lines—some 65 miles in all—run on Federally controlled property, and relations between the Federal Government in Ottawa and the Quebec Provincial Government have rarely been good.

Now, however, a working agreement has been reached between the Regional Transport Council, the railways and provincial authorities on a programme of integration, which would eventually see the MUCTC take over administration of most of the system. All old rolling stock would be replaced by new LRT carriages, likely to be built by the Bombardier company of Quebec.

The integration plan would cost more than $300m to carry out, and transport officials say they are as close now as they have ever been to formally signing an integration agreement. Once an all-party agreement was reached, Montreal would be on it way to having one of the largest underground LRT systems in North America.

Edmonton, the capital of oil-rich Alberta, is, by comparison, a late-comer to the more sophisticated forms of urban transportation. With just 500,000 people and situated on flat, rolling prairies, Edmontonians have not, until recent years, felt the need to develop a light rail system.

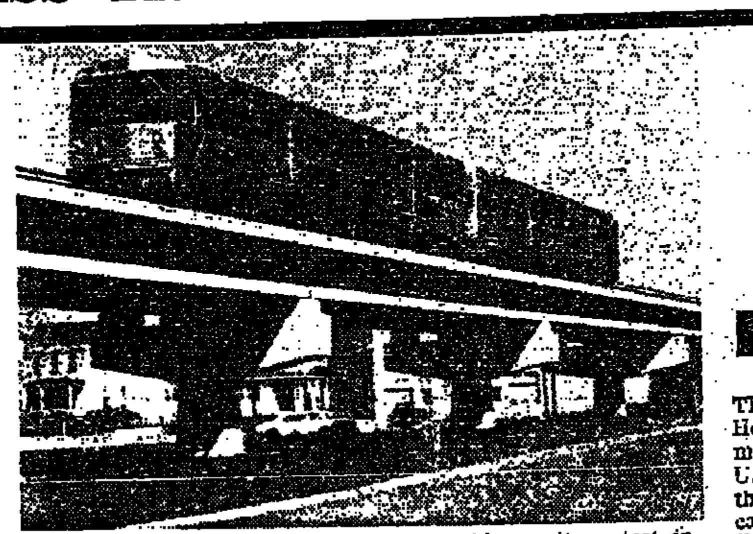
After long public debate, the city, backed by provincial help from the Alberta Government, decided to go ahead with the first leg of an LRT system, this one supplied by Siemens-Du Wag of West Germany.

Extension

By 1978, the Edmonton Transport System's first LRT line had opened, extending 4.5 miles north-east from the city's centre. A further 1.5 mile extension is to open in April with a further one mile extension to be added by 1984 — linking the city centre with southwest Edmonton.

The launch of the LRT gave Edmonton the distinction of claiming to be the first city in North America to have such a system in 40 years, and enabled the provincial capital to steal a beat from its rival, Calgary, which is scheduled to open the first leg of its own LRT system—also built by Siemens-DuWag, in May.

Frank Gray



Above: The Philadelphia-Lindenwold rapid transit project in the U.S. Below: One of Leyland's Vehicles' railbuses, undergoing tests.

Cairo underground system delayed

EGYPT

ANY DISCUSSION of mass transport in Egypt must centre on Cairo, the capital, whose greater area contains as many as 11m people—more than 25 per cent of the country's population.

Some 85 per cent of Cairo's population travels by public transport, making around 4.5m trips a day. Although transport facilities include a suburban rail system and an under-used river bus service, the bulk of the load is carried by very aged and ill-maintained buses.

The biggest transportation problem in Cairo is congestion. The number of cars in use, for instance, has risen from 70,000 in 1974 to nearer half a million today. Cairo's accident rate is the highest in the world—ten times that of Britain, with 6,000 dead and 24,000 injured last year alone.

Cairo is also one of the world's noisiest cities—largely due to its traffic and the Egyptian motorist's passion for the horn. Noise levels peaked at 95 decibels in a recent survey.

Working hours

In an attempt to improve the congested services, staggered working hours were introduced last November, but with little obvious effect. In the same month, bicycles were offered for sale on easy terms to students and workers to help take the strain from the over-stretched buses—famed for their list to starboard under the weight of passengers hanging on the doorways.

There have been suggestions that one Egyptian pound levy should be imposed on each car-owner to help to provide finance to buy much-needed new buses.

At the same time, the National Railways Authority has said that it is planning a complete overhaul of its services. But plans have been announced all too often in the past, only to move no further, due to lack of finance.

It is against this background that the Egyptian Government appears to have finally committed itself to establishing an underground rail system. The proposal has been around for more than a decade.

Sofretu of France completed a feasibility study some years ago.

The study recommended a three-line underground network which is expected to involve an investment of some $1bn.

Tenders for the first $100m phase were called in the autumn of last year and were to have been awarded in November, but this has since been delayed. This phase will consist of a 4 to 4.5 km underground tunnel in the city centre, running from the existing terminals at Ramsis Square and Sayeda Zainab. This will link the two existing suburban metro lines — one from the southern industrial town of Helman and the other from the northern suburb of El Marg.

Further phases envisage a completely new line to link the city centre with the heavily populated Shubra area to the north and its surround is industrial areas, to be extended westward later under the Nile through Gezira Island to Dokki.

The final phase would add a third line to link the eastern part of the city with the Imbaba industrial area to the north of the west bank of the Nile through the Zamalek residential area.

Although a number of international contractors are understood to be bidding for the project, the first phase at least, is expected to go to the French.

In the first place, Sofretu, in addition to undertaking the feasibility study has recently also been awarded the consultancy contract for the project and has been employed to evaluate bids for the first phase.

Even so, there are still grave reservations about the metro project. These problems are mainly due to underground conditions which are peculiar to Cairo with its rising water table—only 1 metre below ground, near one of the proposed metro terminals—and also the effect on already shaky buildings above ground. There is also concern over the burden which it would impose on Cairo's already inadequate power supply.

Many Egyptian transport experts argue that the money would be far better spent on improving the over-stretched bus services and overhauling the rail system—the condition of which was recently termed "intolerable" by the Transport Minister himself.

Anthony McDermott

SOUTH AMERICA

Cities plan new subway routes

THE LARGER South American cities—Caracas, Rio de Janeiro, Santiago (Chile), Buenos Aires — are opting for the underground, the metro, as a solution for their public transport problems. The reasons for this are weighty. For example, in the centre of Santiago, the city's buses can move a passenger at a rate no faster than 10 kms an hour, compared to the new metro's speed of 32 kms an hour.

Santiago's magnificent metro has an installed line of 25 kms, an extension which is fed by 35 stations—and there are plans to lengthen it considerably. The completion of the 42 kms Caracas metro (which is a similar system to the Mexico City metro) is scheduled for 1983, but almost certainly it will not meet this deadline. French technology is behind the Santiago and Caracas metros, and also behind the Rio de Janeiro metro, which is in construction.

The Buenos Aires underground system — "la red subterranea," as it is called—is a different scheme altogether, both as regards the date of its beginnings and the technology behind it.

Buenos Aires was one of the first cities in the world to begin acquiring an underground system. The first line —"Linea A"—was entrusted in 1909 to a British company which called itself "Anglo Argentino." The company completed the line, not quite seven miles long, in December, 1913. Of the five existing lines, most of which are on the point of total collapse, "Linea A" is the one which functions best today.

Inadequate

The last of the existing five lines, all of which begin in what is erroneously called the "centre" of Buenos Aires—an area which, in fact, is the area of the city's New Port—was not completed until 1973. No line reaches beyond the real centre of the city proper, the population of which today is about 4m.

So it is that the Buenos Aires underground system is totally inadequate for servicing the Buenos Aires conurbation—the city proper, plus the sprawling suburbs—with its population of around 11m.

Public tenders have been called to lengthen the underground system of Buenos Aires from its present total extension of 36 kms to more than 75 kms within the next 10 years.

Two new underground lines are to be added to the existing five, at an estimated cost of $2.5bn. The vast project, which includes the extension of two of the five lines, plus the remodelling of the existing system and the renewal of all its tracks, rolling stock and signalling equipment, has been announced by retired Air Force Brigadier, Osvaldo Cacciatore, the Mayor of Buenos Aires.

However, the projected extension, with the single exception of one of the planned new lines—"Linea G"—which will reach into the industrial suburb of Avellaneda, will not push it to the city limits of Buenos Aires proper.

Robert Lindley

Operators face big problems

USA

THE CHANGE in the White House Administration will mean a new attitude towards U.S. transportation policy over the next four years as Republicans apply the axe to the Federal budget.

President Reagan's advisers are already urging that subsidies to mass transit be cut significantly and that any plans for new rail starts be discouraged. Present Transportation Secretary, Andrew L. Lewis Jr, was one of the advisers on the political task force which recommended that "the nation's transportation system, as much as possible, should be provided through the competitive forces of the private sector, or, if the private sector is inappropriate, by State and local governments."

Mass transport rail systems in the U.S. have been plagued with financial and mechanical difficulties. Boston's Massachusetts Bay Authority ground to a halt for a week last year after it had spent all its operating subsidies for 1980. New York City, with the largest mass transit system in the country, had to ground 637 of its new Grumman flexible buses after dangerous mechanical cracks had been discovered. San Francisco's futuristic computer-controlled bay-area rapid transit system has turned into a commuter's nightmare. The city is spending some $1.3m on partly de-automating its trains.

The future of public transport in the U.S. looks cloudy as the cost of operating and maintaining systems rockets. Faced with rapidly escalating energy, maintenance and equipment replacement costs—to say nothing of dwindling Federal subsidies—many transit operators are worried.

Some State and local governments have already seen the writing on the wall and are moving swiftly towards greater involvement in the financial support and management of their transit systems. A number of metropolitan areas like Atlanta, Portland, Detroit, and Washington DC, are constructing rapid transit lines that reach far beyond city limits — crossing many counties, towns and areas of local jurisdiction. This means that state Governments have a role to play — at least in the financing of their public transportation systems.

The state of new Jersey, for instance, created the New Jersey Transit Corporation, a public entity, in order to stem the cost of subsidising the operating losses of the state's bus lines — subsidies approached $50m in 1979. Empowered to purchase, operate and manage private bus companies, it bought Transport of New Jersey, the largest privately owned bus company in the U.S., for $32m.

At least 34 states maintain Departments of Transportation to handle the complexities of public transport as well as the administration of highways. Many of these are producing new and innovative ideas.

Encouraged by the Urban Mass Transit Administration (UMTA), an offshoot of the Department of Transportation, state and local governments have initiated a number of low-cost programmes to adapt existing systems without building new facilities. These operating and service innovations include transit pricing strategies such as free-fare zones in central business districts, more commuter passes valid for unlimited transit rides, and more convenient transfer policies as between different modes of transport.

Commuter ride-sharing has also caught on in some places as an alternative method of getting to and from work.

Many cities are rediscovering an old transit idea—the trolley (or tram) known also as light rail systems. San Diego has moved toward self-sufficiency, in providing public transportation with this resurrected idea. This summer it will inaugurate the first new trolley line to be opened in the U.S. for several decades. The project is unique for a number of reasons.

'Tijuana Trolley'

Total cost of the San Diego trolley is $86m for a system which traverses a 2-mile downtown stretch and then continues another 14 miles to just across the border from the Mexican town of Tijuana. The "Tijuana Trolley," as it has been dubbed, remains well within budget, and on construction schedule.

Light rail systems seem to be enjoying a revival in other centres as well. Cities like Philadelphia, Newark, Pittsburgh and Boston, which have preserved their trolley lines, are starting to purchase modern cars and/or extend their routes. Others like Portland and Buffalo are building new light rail systems. The major advantages of the trolley cited by transit managers are the relatively low construction and maintenance cost, operating flexibility and the more human scale of such systems.

There is little doubt that the need for more efficient and inexpensive public transport is critical. Travel on mass transit continues to grow in the U.S. as the cost of using private cars for commuting becomes prohibitively expensive. Federal subsidies to mass transit are in trouble and this fiscal austerity dictates that in the future new arrangements must be found if the nation's buses, subways, commuter rail and other public transportation systems are to survive.

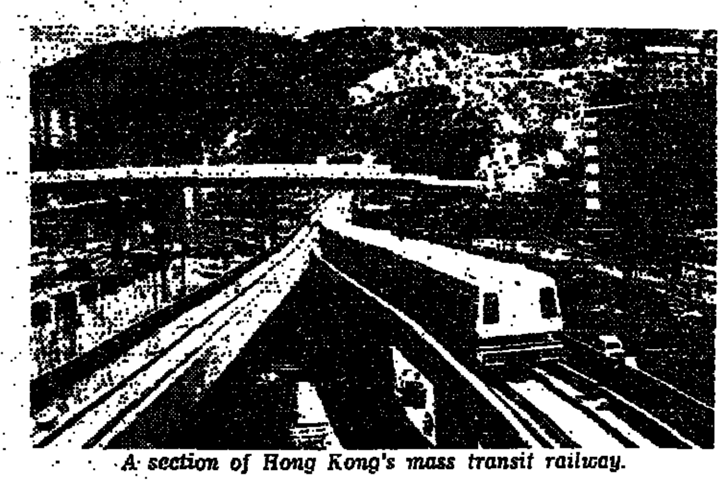
Patti Reali

Tramcars being built at the Boeing Vertol Plant in Philadelphia.

MASS TRANSIT SYSTEMS V

HONG KONG

No easy ride for the MTR



A section of Hong Kong's mass transit railway.

HONG KONG'S mass transit railway is soon to start on its third and most expensive stage of bringing the underground system to all of the territory and a station to within 10 minutes' walk of the homes of the majority of the 6m population. But it is a venture which has recently attracted more than its share of criticism.

In engineering terms, the mass transit railway has so far proved a huge success. The initial 16 km stretch of line under Nathan Road, the "spine" of Kowloon, and under the harbour to the central district of Hong Kong Island was completed within the scheduled time and, for good measure, within the budget.

The next stage, the 10 kilometre extension to Tsuen Wan in the new territories, is well under way and within schedule for opening by the autumn of next year. At the end of last year the mass transit railway corporation (MTR) announced plans to build another 12.5 km stretch of line along Hong Kong Island.

This third stretch would take the MTR spending to more than $HK20bn (almost U.S.$4bn) in a decade by 1986 when the Hong Kong Island line is opened. And it is the cost, rather than the physical work, which is attracting criticism.

In physical terms, the railway is an asset. Its completion on time was a testament to the fact that, in Hong Kong, things work. In the tiny British territory the trains are running and carrying more than half a million passengers a day. In other Asian cities, the subway trains are still dreams on the drawing board or, in the case of Calcutta, where digging started before the Hong Kong work, the railway will not open until 1984-85.

Viewpoints

Critics say that the MTR is saddling itself with debts that it will never be able to pay off and that the Government will be called in to subsidise the system, thus breaking the golden Hong Kong rule that transport systems must pay their own way.

Certainly, the corporation has taken a number of gambles. With world interest rates so high, the repayment burden has risen beyond expectations.

The MTR is also banking heavily on making good profits from the tower blocks above and the shops let into the railway stations. In the case of the initial system, the corporation will make HK$1bn in profits. On Hong Kong Island, it is hoping for more, but the risks are greater.

Although the MTR is rapidly heading to be one of the top two property developers in the territory, on Hong Kong Island it faces tougher problems of developing new sites largely off the existing main streets. This is because the authority does not want to disrupt the crowded and cramped life on the narrow corridors between the granite hills of Hong Kong Island. New properties may prove a goldmine or a millstone.

Most of all, the MTR has gambled on relatively high prices, for travellers on average of roughly double the present bus fares. Moreover, journeys involving crossing the harbour cost at least HK$2. High prices have dissuaded some passengers. By the end of 1981, the MTR was hoping to carry more than a million passengers a day—a figure which should rise to 3m by the end of the 1980s.

But, at present rates, it may be lucky to attract 800,000 passengers a day by the end of the year. Some attempts are being made to reduce duplication of services by other forms of transport, principally buses. But the Hong Kong traveller is exceedingly price-conscious. When the bus companies recently made requests to be able to increase their fares, there was an outcry, with one organisation claiming to have collected 1.4m signatures of protest.

The MTR offers a smooth journey, but the MTR itself is not having an easy ride.

Kevin Rafferty

Costly project in Calcutta

INDIA

A COSTLY and controversial underground railway system to carry 2.2m daily commuters is now under construction in Calcutta.

Signs of the project are evident all over the sprawling city, which has a population of more than 12m, making it the largest urban centre in India.

The scheme is controversial because West Bengal's present Marxist government does not want to give it priority. Nevertheless, partly because the scheme is partially financed by the World Bank, the State government is not actively blocking it.

A giant rectangular reinforced concrete tube with thick walls is being laid five metres below ground, along a north-south corridor in Calcutta. The ten-metre wide tube for the country's first subterranean railway, along a 16.43 km stretch between Dumdum in the north to Tollyganj in the south, will help carry 60,000 passengers an hour in the most thickly-populated zone of the metropolis.

The subway became necessary, despite its heavy cost—the final tally may be around Rs 4bn (£213m), because Calcutta's narrow roads were found incapable of carrying the 2.2m commuters into the city from suburbs and back every day.

It was, therefore, concluded that the city must have a rapid transit rail system, below ground. The Planning Commission set up an organisation called the Metropolitan Transport Project (railways), under the Ministry of Railways in 1969 to undertake the survey for the project.

The Central Government gave the green light to the project whose estimated cost at 1974 prices stood at Rs 2.4bn. The foundation stone of the MTP was laid in 1972 and actual construction began in 1973.

The first stage of the Metro Railway, as it is now called, is expected to be commissioned in 1984-85 when trains will start operation from Dumdum to Shyam Bazar (a distance of 3.7 km on the northern end of the corridor) and between Tollyganj and Esplanade (a distance of 7.63 km), at the southern end of the corridor.

Thus, towards the end of the eighties, Calcuttans can hope to travel in air-cooled comfort 16 or 17 feet underground. They will be able to mount or dismount at 16 intervening stations; the trains will each carry eight coaches and will leave the two termini, Dumdum and Tollyganj, at intervals of two-and-a-half minutes, taking 33 minutes to arrive at each terminal.

Each coach will carry 218 standing passengers and 54 seated passengers—a train will thus transport 2,500 persons at any point through a 16 km stretch. At present, the same journey above ground is perhaps one of the most difficult trips in the world.

A stretch of 1.5 km at the Dumdum end of the double track tunnel will be overground, while the rest of it, except for a short stretch at Tollyganj, will be underground.

During rush hours, once the *system is completed,* it is planned to run 28 trains per hour in each direction; the rails will be laid on rubber padding to muffle the noise; electric power will be drawn at three main points and the maximum demand will be around 35 MW.

K. K. Sharma

Tokyo leads the way

JAPAN

THE MOST striking point about urban mass transit in Japan during the past two decades has been the massive increase in underground transport in the Tokyo metropolitan area. In 1955 Tokyo boasted two publicly operated underground railway lines which carried 151m passengers a year. By the end of the 1970s over 2bn passenger a year were using a vastly expanded network of 11 lines covering just over 200 km.

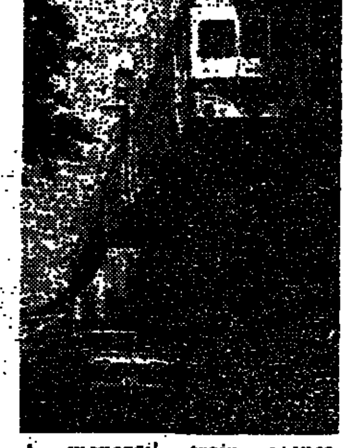
Passengers on the underground railway system are still fewer than those who use the above-ground national railway network within the metropolitan area (over 4bn passengers a year), and fewer also than the number travelling on privately operated commuter lines which connect metropolitan Tokyo with the three neighbouring prefectures (3.7bn passengers in 1977).

Use of these two other means of transport, however, has grown much less rapidly than the underground system—reflecting the fact that Tokyo, although well equipped with surface railways for many years, made a late start in underground rail construction.

Most of the Tokyo underground lines are operated by the Teito Rapid Transport Authority (TRTA), a public sector body 54 per cent owned by the Japan National Railways with the remaining 46 per cent in the hands of the Tokyo Metropolitan Government. The remaining lines are operated by the Transport Bureau of the Tokyo Metropolitan Government.

Construction of new lines by the TRTA is 51 per cent financed from public funds, with the remainder funded by bond issues, commercial bank loans and capital subscrirtion. The authority spent a total of Y667bn (about £1.3bn) on the construction of five new lines between 1950 and 1978.

Two more lines will be built by 1985 and the "duplication"



A monorail train moves swiftly above road traffic in Japan's historic Kamakura city.

of publicly controlled underground lines with privately controlled lines will be extended. *The purpose of duplication is to* operate through services from the city centre to the outer areas beyond the metropolitan region where the fastest population increase is now taking place.

Tokyo's subway lines, like the rest of the public transport system, score highly compared with those of most other countries *for efficiency and cleanness.* Trains are frequent and can normally be relied on to run on time. Overcrowding of trains during rush hours, however, can be extreme, with most lines carrying more than double their rated capacity as a matter of course.

Operating expenses of the TRTA have comfortably covered operating costs ever since it began building new lines in the late 1950s. The heavy interest burden on construction loans raised by the authority, however, means that overall expenses substantially exceed earnings.

To compensate for this the authority receives an annual grant-in-aid calculated on the basis of the value of construction undertaken the previous year. In 1978 this grant amounted to Y23bn while operating revenue totalled Y144bn. The authority earned a positive balance of Y4.2bn (after including grant-in-aid) in 1978 and Y2.3bn in 1979. In fiscal 1980 (closing next March) the authority is likely to end with a deficit because of sharp increases in electricity costs.

Underground railway construction techniques in use in Japan include both cut-and-cover excavation (used to build most of the early post-war lines) and shield excavation (used to build the newer and deeper lines). Construction costs have risen from Y1.8m *per metre for the first line built* after the war to Y21.1m for the most recently completed line. Despite this, the TRTA has been stepping up expenditure on improvements to existing lines, such as air-conditioning of stations.

Charles Smith

Milan and Rome dominate

ITALY

BY COMPARISON with most other West European countries, Italy is lagging badly behind in the field of urban mass transit systems. The reasons are various: the inadequacies of public services and public administration in general, bureaucratic obstacles, and the structure of the country.

Unlike France and Britain, with an all-dominant capital, Italy outside Rome is fragmented and sprinkled with medium to largish cities of a size which did not, early on, make the development of efficient public transport an over-riding necessity.

The result is that only two cities, Milan (population 1.7m) and Rome (3m) have a genuine underground rail system. Naples (population 1.3m) has a system approximating to one, but which is really more a shuttle-link between the main railway stations. The biggest system is in Milan, with two basic lines and a total of 41 stations, with an automated ticket system similar to that of the Paris Metro.

Milan's *Metropolitana* is likely to prove only the first step of an integrated mass transit system for the city's hinterland, embracing satellite towns such as Monza and Gorgonzola and envisaged as stretching ultimately as far as Bergamo, 35 miles to the east.

Rome's case is rather different. The first underground railway was built by Mussolini to link the Central Railway Station with the (then) new administrative and residential suburb of Eur, and stretched to the coastal resort of Ostia.

Second line

This was finally supplemented in 1980, with the opening of the second line, running from the south-east of the capital across the centre to the northwest. It has 16 stations, and took as many years to build. Costs rose from an initial budget of L43bn in 1963 to L400bn ($420m) by completion.

Bureaucratic wrangling was the main cause of the astonishingly long period between conception and public opening—rather than the more colourful explanation of constant discoveries of priceless archaeological treasures, as tunnelling took place. Plans exist for a further two lines (absolutely essential if the Rome *metropolitana* is to become a really everyday part of the city's life). But the delays over line no. 2 and the burden of the municipality's already stretched finances that construction of new lines will impose, do not bode well for swift accomplishment of these schemes.

Despite the slow progress at home, Italian industry is well placed in contracting for international projects. Breda Construzioni Ferroviarie, a subsidiary of the publicly-owned Efim group, is delivering rolling stock worth $35m for the new transit system in Cleveland, Ohio, and has won a similar contract, with an initial $75m, for equipment for the Washington, DC, underground system.

These successes are proof that Italian companies have the technology in the sector, and that the problems within Italy itself are administrative, rather *than industrial.* But environmental factors, notably the traffic saturation of historic centres of older cities mean that, however tardily, Italy has little choice but to press ahead with the modernisation and overhaul of its creaking public transport network.

Rupert Cornwell

LOMBARD

The management of democracy

BY JOHN LLOYD

THE British Steel Corporation is an unlikely subject for students of the theory and practice of democracy; but such it has been over the past few weeks.

On January 16 Mr. Ian MacGregor, BSC's chairman, announced that a ballot of the corporation's 130,000 employees had shown that 78 per cent of the 65 per cent who had voted supported his survival plan for the industry.

Three days later Mr Bill Sirs, general secretary of the industry's biggest union, the Iron and Steel Trades Confederation, announced that nearly 70 per cent of the 51 per cent of his 55,000 members in the dominant heavy steels sector of BSC had voted against the plan.

Irrelevant

Yet Mr. MacGregor's managers at regional level were negotiating hard on the details of the survival plan both before and during the BSC ballot (and got acceptance of it in South Wales before the result). Conversely, Mr. Sirs as soon as he had given the details of his victory, conceded defeat. Mr. MacGregor, he said, would "push it [the plan] through regardless."

Mr. MacGregor's democracy was clearly bigger than Mr. Sirs' democracy; but that is not the reason the latter conceded defeat. Mr. Sirs called the BSC ballot "irrelevant," and he was right; so was his own ballot.

The reason for the irrelevancy of these particular exercises in democracy has recently been neatly summarised by Mr. Barry Hindess, a Marxist sociologist, writing in another context.

"What the consequences of a democratic or non-democratic mechanism are will depend on its scope, that is, the range of decisions reached through that mechanism rather than in some other way, how the mechanism is organised and the conditions under which it operates.

The consequences of democracy are always dependent on the conditions under which it operates and they are never reducible to the way in which the democratic mechanism is organised."

These observations are clearly of some interest to (and were directed at) the protagonists of the struggle in the Labour Party. In the more modest, if much more expensive case of BSC, they have the following relevance:

First, in the case of BSC's ballot, there is no doubt that it was conducted under a "climate of fear" (Mr. Sirs' phrase again). Everyone knew that Mr. MacGregor had said that if they did not accept the manning cuts of 20,000-plus, they would have higher manning cuts forced upon them. Mr. MacGregor's resolve has seemed on past evidence, steady and the Government is right behind him. The ballot was thus a choice between bad and worse.

Second, in the case of the ISTC's ballot there is little doubt that it was conducted in a climate of hopelessness. The union knew before it started that effective national action was not on the cards. It knew during its ballot, at the latest, that no other union in the industry would support any action it might take. At best, it was a gesture of self respect, and a possible shield against the worst depredations of the plan.

The conditions under which these ballots operated were not, of course, wholly or even largely under the control of the two main parties. The wider contest was set by a world recession, an attendant slump in steel demand and high and rising unemployment in the UK—very often highest in steelmaking areas. The balance clearly favoured a chairman who could skilfully mediate the external pressures and add a few of his own.

So Mr. MacGregor got the result he wanted (though it did not much matter) and Mr. Sirs also got the result he wanted (though it mattered even less).

Pragmatic

As Mr. Hindess himself points out, all democratic forums are "managed," more or less. Their general acceptability in the eyes of those who participate in them and those who do not depends on a pragmatic judgment of how stifling or exclusive that management has been or, to put it in a different way, how valid the democratic mechanism has been allowed to be.

Where there is a substantial feeling that a vote has been over-managed, or that it has not been worth the effort, then the principle and the practice of the process is debased.

"Democracy and the limitations of parliamentary democracy," in Politics and Power Vol. 1 p. 10.

A cheap way of staying out of trouble

JUST THE other day I met a couple who started telling me how they could not afford to garden. They had a house and two jobs and on winter evenings she made the curtains while he put up new bookshelves. Ever since the BBC informed the world that children cost £27,000 each, they have agreed a mutual ban on reproduction.

When they found that shrubs sold at £3.50 in a bit of black polythene, they decided to put the garden down to gravel, save on a lawn mower and poison all the ground except for the corner in which they planned to grow cut-price cauliflowers.

Before they could tell me that cauliflower seeds were nowadays as pricy as cauliflowers and that it costs as much to kill a caterpillar as to take a bus to a wholesale market, I told them that they made me feel sad and I would prefer them to stop.

They are quite wrong, of course, and now is the right time to remind you why. They ought to be sowing seeds and raising their cheap garden of the future. I admit that the price of seeds has run neck and neck with the price of electricity and far in excess of inflation, but the trade, in its higher reaches, still has so much to offer.

The best lines are kept up in the teeth of small demand and a call from the entrepreneurs for the usual simplification. Between them, Thompson and Morgan of London Road, Ipswich, Sutton's Seeds in most chain stores, Hursts of Witham, Essex, Colegraves of Adderbury, Oxford, and Thomas Butcher of Croydon, Surrey, will send you a remarkable range of permanent plants for the price of a fair seed packet.

If you cannot find what you want, you should join a specialist society, the RHS or a hardy plant society or, above all, the Alpine Garden Society whose own seed-list for members is an astonishing source of rarity and fine mountain plants.

Last year, for instance, I was delighted with some big drifts of apricot colour foxgloves on the edge of an orchard in a well-run week-end garden. Sold as Sutton's Apricot, these easy plants were worth any number of tea roses at £1 a bush. They will germinate freely and they are ready to flower in the second year after sowing.

You can leave them in rough grass, if necessary, and they will come to no harm after flowering if you mow by setting the rotary blades very high. They are just the colour for shaded corners, those awkward beds by garages or old barns, the space between new shrubs, or banks and slopes beside a drive.

Limit yourself to the one colour and you will find that the cheap old foxglove looks like a priceless plant.

If you think that garden plants are expensive, you ought to have foresworn any interest in house plants years ago. Often those garden owners who complain most about the cost of gardening think nothing of spending £8.00 on one potted azalea whenever they want a quick present. Yet last year, I was alerted to the scent and beauty of the plain old white tobacco plant when grown for pots indoors. They will scent a hall or passage and will not lean too clumsily towards the light.

One plant is suited to a four-inch pot, plastic, I presume, but deep enough to give its roots a fair run. If you sow seed next month in gentle heat, you will have plants in flower by June. You can grow them in a warm bathroom if you do not have a greenhouse.

No praise, for my money, is too high for the good old nasturtium. It is the easiest flower in the book. But if you sow a few seeds of a large trailing variety in a pot which can be fitted out with a tripod of canes, you can build up an unusual house plant for little effort. The nasturtium will curl up the canes and any intervening wire, making a small wigwam of red and orange flowers.

Big annual mallows are another possibility and this year, I presume that the recent Lavatera Silver Cup will be far more widely grown. It has won all sorts of prizes for its long season, bushy shape-like masses of clear silver pink flowers. Perhaps its highest honour was a silver medal two years ago in the Fleuroselect Trials, a category which no other flower has attained.

I was very fond of the old shocking pink Loveliness but I concede that Silver Cup is neater, a better pink and slightly longer in flower. It makes a splendid indoor pot plant though few gardeners ever think of using it so simply. I would match it with the biggest and darkest form of scented cherry pie sold by Hursts as Monarch Royal Marine. Its wide heads of flower, like deep violet cockscombs, are the star turn in my garden in late summer. I recommend them in pots, tubs or semi-window boxes, the best cherry pie on the market.

These plants are all annuals, to be sown in a warm house during early spring for one year's flowering this season. Such is the price now of bedding plants that it pays beyond doubt to raise your own. The best value, however, remains the range of reliable perennials, plants which will flower at their best in 1982 and persist for years afterwards. You can still grow a splendid perennial border for £10 or so without plundering your friend's best plants.

I would never pay for mature plants of lupins, campanulas, aquilegias, hollyhocks, flax, lychnis, tall Silver Onopordon thistles, heuchera, agapanthus and border penstemons. Yet between them they would make a lovely border, mixed with those two easy white lilies from seed, the heavenly Regale and the trumpet-flowered Formosu. I would also give up buying delphiniums or spending time on cuttings from them, if only I could persuade more of the best mixture, Blackmore and Langdon's, to germinate from the packet. The others, however, are easy for any new gardener.

You could mass the hollyhocks, silver thistle and perhaps a tall and rampant Evening Primrose as the plants for your back row. Lupins could mix with the campanulas called Lactiflora and Persicisolia, whose flowers are a pefect shade of milk-blue and sky-blue. The rest could come in front of them, backed up by some sprawling bushes of red and white valerian, and the silver-green Sea Hollies or Eryngiums.

From seed you can afford to think in terms of big groups, 20 at a time. For bulk and solidity, you add seedling bushes of the Tree of Heaven, pruned hard to keep it three feet high where its long pinnate leaves and spreading thorn are as bold as any expensive shrubs. I can see myself filling a half-acre garden for £20 and little effort, so perhaps I had better stop short of other ambitious companions, the slow-growing yuccas and deep blue gentians which seed lists still sell you as packets of seeds.

Instead, I will end with the excellent geums, scarlet or yellow and excellent value in their second year from seed. For 60p, you can have 20 or 30 sets in clumps which will light up any border in June and July.

So, far from being an expensive luxury, flower gardening is still a cheap way of staying out of trouble if you look in the next few weeks for quality seeds and stay with those varieties, needing next to no expensive chemicals or awkward stakes and dressings.

GARDENS TODAY

BY ROBIN LANE FOX

Asdic tipped at Wolverhampton

RACING

BY DOMINIC WIGAN

IN GENERAL it cannot be said that support for a hurdler which fell on its only previous appearance is a wise move. However, in the case of Asdic in the Haig Whisky Novices Hurdle at Wolverhampton today backers may well feel justified in throwing caution to the wind.

The six-year-old, trained by Derek Kent for his wife, and ridden by that stylish hurdles jockey, Peter Haynes, was running a tremendous race in a division of the Novices Hurdle at Wincanton on January 11. But Haynes was given no chance when the horse made a blunder at the penultimate flight. But for that mishap Asdic—in a clear lead at the time—might well have held off Autumn Sun.

If, as I suspect, Haynes bides his time on Asdic this time rather than taking the six-year-old to the front almost from the outset, as he did at Wincanton, the partnership should have few problems. Pre-Eminence did well to snatch a similar qualifier from Pay Freeze at Doncaster on December 20 and he is suggested as the main danger to the selection now that Tim Forster has scratched Gilligan.

Half and hour after the Haig qualifier, John Francome's closest pursuer in the jockeys' championship race, Peter Scudamore, will be hoping to add to his rapidly growing tally through Entebbe. The six-year-old Derring-Do gelding who three year's ago landed a major gamble in a mile event at Goodwood when trained by Brian Swift, has proved to be a smart recruit to the winter game. Although he proved disappointing last time out, Entebbe will take a lot of beating—if he returns to the form which saw him landing the Southern Counties Handicap at Lingfield three weeks ago. There, Entebbe, a 9-1 chance from 20-1, again justified substantial support, brushing aside the favourite, Blue Patrol.

Entebbe, whose rider is poised to land his 100th winner in just three years as a professional jockey, can return to the winner's enclosure by beating the course specialist, Kilroy Manor, another who disappointed last time out.

WOLVERHAMPTON

1.45—Army Lad
2.15—King Vince
2.45—Choral Festival**
3.15—Asdic***
3.45—Entebbe
4.15—Skinflint

NEWCASTLE

2.00—Starlight Lad
2.30—Be Free*
3.00—Norton Cavalier

Radio

† indicates programme in black and white

BBC 1

9.05 am For Schools, Colleges. 11.25 You and Me. 11.40 For Schools, Colleges. 12.42 pm Regional News for England (except London). 12.45 News. 1.00 Pebble Mill at One. 1.45 Trumpton. 2.01 For Schools, Colleges. 3.00 Speak for Yourself. 3.25 Delia Smith's Cookery Course. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Undercover Elephant. 4.25 Jackanory. 4.40 Take Hart. 5.00 John Craven's Newsround. 5.05 The Strange Affair of Adelaide Harris.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.55 Triangle.
7.20 The Wednesday Film: "Hostile Witness," starring Ray Milland.
9.00 Party Political Broadcast on behalf of the Liberal Party.
9.05 News.
9.30 Sportsnight.
10.20 Open Secret.
10.50 Parkinson.
11.50-11.55 News Headlines.

All Regions as BBC1 except as follows:

BBC CYMRU/WALES—10.30-10.50 am I Ysgolion: Daearyddiaeth, Japan—Yr Ynysoedd Pobloq. 11.02-11.22 Ffenestri. 2.18-2.38 pm I Ysgolion. 5.05 Grange Hill. 5.35-5.40 Fred Basset. 5.55-6.20 Wales Today. 6.55 Heddiw. 7.20 Triangle. 7.45 Seconds Out. 8.15-9.00 Star Trek. 11.50 News Headlines, News and Weather for Wales.

SCOTLAND — 12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 11.50 News Headlines, News and Weather for Scotland.

NORTHERN IRELAND—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.50 News Headlines, News and Weather for Northern Ireland.

ENGLAND—5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

10.20 am Gharbar.
11.00 Play School.
†5.20 pm Harold Lloyd in "Hot Water" and "Bumping Into Broadway."
5.55 16 UP.
6.20 The Master Game.
6.50 Grapevine.
7.20 Mid-Evening News.
7.30 Travellers in Time.
8.00 The Magic of Dance.
9.00 M A S H.
9.25 Sons and Lovers.
10.20 God and the Scientist.
10.45 Party Political Broadcast on behalf of the Liberal Party.
10.50 Newsnight.

LONDON

9.30 am Schools Programmes. 12.00 Chorpa Castle. 12.10 pm Rainbow. 12.30 About Britain. 1.00 News Plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon Plus. 2.45 Fantasy Island. 3.45 Movie Memories. 4.15 Dr. Snuggles. 4.20 Runaround. 4.45 Brendon Chase. 5.15 Gambit.

5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 This is Your Life.
7.30 Coronation Street.
8.00 Starburst.
9.00 Honky Tonk Heroes.
10.00 Party Political Broadcast by the Liberal Party.
10.05 News.
10.35 New Standard Drama Awards.
11.35 Golf: USA v The World.
12.20 am Close: "Sit up and Listen," with the Rt. Hon. George Thomas, MP.

All IBA Regions as London except at the following times:—

ANGLIA

9.15 am Jobuse (information for job-seekers in East Anglia). 1.20 pm Anglia News. 2.45 Young Ramsay. 3.45 The Entertainers. 5.15 Alright Now. 6.00 About Anglia. 10.35 [illegible] 11.05 The Sound of [illegible]. 11.20 New Standard Drama Awards.

ATV

1.20 pm ATV News. 2.45 Star Parade. 5.15 In Loving Memory. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 10.35 Left, Right and Centre. 11.10 ATV News. 11.15 New Standard Drama Awards.

BORDER

1.20 pm Border News. 2.45 The Lone Star. 5.15 University Challenge. 6.00 Lookaround Wednesday. 11.35 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, [illegible] and Weather. 2.45 Young Ramsay. 5.15 University Challenge. 6.00 Channel Report. 10.00 [illegible] USA. 10.33 Channel Late News. 12.10 am Epilogue followed by News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News. 2.45 Fantasy Island. 5.15 [illegible] 6.00 North Tonight. 11.20 Reflections. 11.25 New Standard Drama Awards. 12.25 am North Headlines.

GRANADA

1.20 pm [illegible] Reports. 2.00 Live [illegible] 2.50 Fantasy Island. 5.15 [illegible] 6.00 Granada Reports. 6.25 This is Your Right. 11.35 Bluey.

HTV

1.20 pm HTV News. 2.00 Houseparty. †2.25 "A Hill in Korea," starring George Baker, Harry Andrews, Stanley Baker and Michael Medwin. 5.15 Dick Tracy. 5.20 Crossroads. 6.00 Report West. 6.30 Survival. 10.33 HTV News. 11.35 End of Term Trip.

HTV CYMRU/WALES—As HTV WEST except—12.00-12.10 pm Flalabalam. 4.15-4.20 Miguel, the Mighty Matador. 4.45-5.15 Straeon Y Byd: Seland Newydd. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.35 Mae'r Gelyn Odd. Mewn. 11.05 World in Action. 11.35 New Standard Drama Awards.

SCOTTISH

1.20 pm News Headlines and Road and Weather Report. 2.45 Certain Women. 5.15 Tales of Crime. 6.00 Scotland Today. 6.20 Toye's Talk Back. 6.30 Report—Dermot McQuarrie on the sale of council houses. 10.40 Match Report. 11.20 Late Call. 11.25 New Standard Drama Awards.

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 2.25 Fantasy Island. 3.20 Survival. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Day by Day. 6.35 Scene Mid-Week (South East Area only). 11.35 S.W.A.T.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News. 1.25 Where the Jobs Are: 2.45 Danger UXB. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 10.35 North East News. 10.37 Fantasy Island. 12.00 Epilogue.

ULSTER

1.20 pm Lunchtime. 2.45 Fantasy Island. 4.13 Ulster News. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 10.34 Ulster Weather. 10.35 Stanley Baxter Moving Picture Show. 11.35 Bed.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.45 Young Ramsay. 5.15 University Challenge. 6.00 Westward Diary. 10.36 Westward Late News. 10.41 Sunday Sweet Sunday. 11.10 The Sound of . . . Marian Montgomery. 11.25 New Standard Drama Awards. 12.25 am Faith for Life. 12.30 West Country Weather.

YORKSHIRE

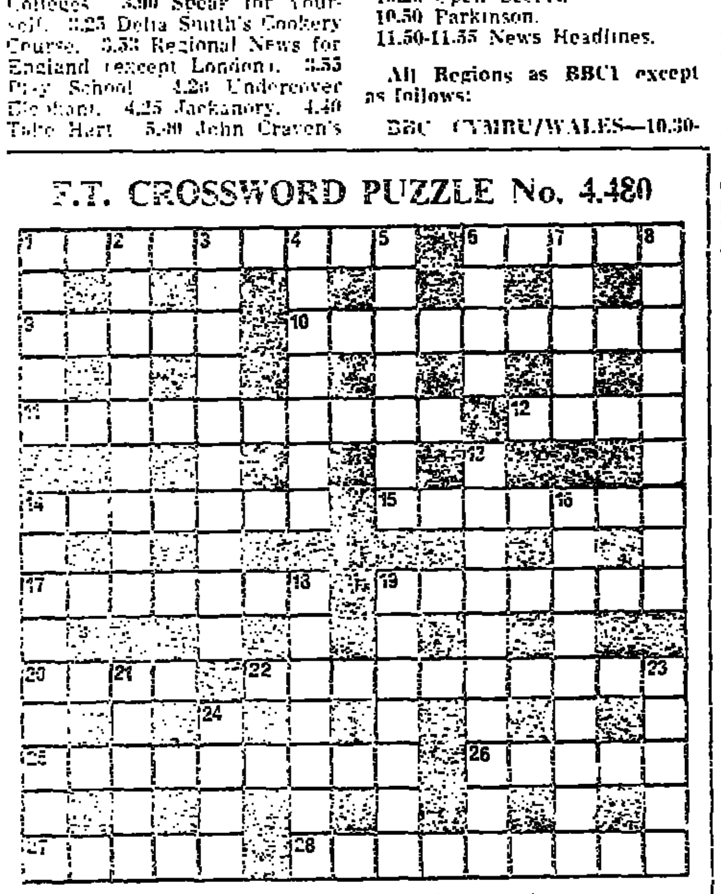
1.20 pm Calendar News. 2.45 Lifeline. 5.15 Diff'rent Strokes. 6.00 Calendar (Emley Moor and Belmont editions). 11.35 The Entertainers.

Radio Wavelengths

1: 1053kHz/285m, 1089kHz/275m
3: 1215kHz/247m & 90-92.5vhf stereo
4: 200kHz/1500m
BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf

1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 3.50 Through My Window with actor Michael Hordern. 4.00 Choral Evensong (S). 4.45 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast.

F.T. CROSSWORD PUZZLE No. 4,480



ENTERTAINMENT GUIDE

OPERA & BALLET

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THEATRES

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CINEMAS

ART GALLERIES

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THE ARTS

Television

The 'Left' exposes itself

by CHRIS DUNKLEY

If your interest in television is eclectic enough you can find yourself ingesting a surprising amount of closely associated material and learning a remarkable amount about a subject quite quickly—as with the increasing totalitarianism of the new Left during the past week. Two nationally networked programmes and two external television events, available at any rate to all Londoners, have contributed to the lesson.

The first of the two programmes, historically if not in order of transmission, was the final part of BBC2's superb adaptation of Bradbury's *The History Man*. It was of course fiction and set in 1972 so it might be accused either of being a nasty tissue of lies designed to discredit the type of left wing sociologist so vividly portrayed by Anthony Sher as Harold Kirk, or simply of being out of date.

Against the possibility of its being accidentally inaccurate or deliberately misleading in those areas where one has no personal expertise, there was the overwhelming authenticity in other respects where one could judge against personal knowledge, as in the details ranging from clothing to jargon, from interior decoration to the attitudes of different schools of literary criticism. Having got all that so absolutely right it seems unlikely that Bradbury, his adaptor Christopher Hampton, and producer and director Michael Wearing and Robert Knights would then get the central element wrong.

And the central element was the ultimate supremacy of the loathesome Kirk. One had had a sneaking wish, like a child re-reading Black Beauty in the hope that the horse will not this time be harmed, that television would "improve" on the book and let the denim don get his come-uppance. Yet really that would not have been "improvement" since Bradbury's is a cautionary tale, warning that he who commits himself 100 per cent to the cause—at parties as well as at work, in bed as much as in committee—will always triumph eventually over the easy going liberal who refuses to be so single minded.

Just as I remarked here last week à propos Northern Ireland that no history book could convey as television can the grin accompanying an account by a live eye witness of some historic moment, so the television version of *The History Man* was able to make Kirk more vulpine, self-centred and self-righteous than one could ever have imagined for oneself simply from reading the book.

The first of the two external television events was a screening by the National Film Theatre of an "arbeiterfilm" (literally "worker film") made for West German television in 1973 called *Snowdrops Bloom In September*. It represented one of a number of attempts by the left to break away from what they (and sometimes I) see as the stifling sameness of programmes emerging from and seeking to appeal to a broad consensus, and instead to create alternative programmes with a left wing polemic.

Anyone with a real belief in free speech would naturally welcome such an addition to any television service's output and, while saluting the NFT for screening it, one wonders why even BBC2, never mind BBC1 or ITV, finds it so difficult to offer examples of such material occasionally to a wider public. *Snowdrops* is, indeed, very different from the general run of television drama—here or in Germany — in identifying so firmly with the characters it shows working on the factory floor.

That said, it must nevertheless be judged pretty near a total failure (which could explain BBC2's wariness) not because of bad acting or poor settings or even because of the intrusiveness of the "message," as might have been suspected, but because of the new Left's hatred of the individual and *especially the hero—any individual, any hero*. The NFT's notes on the film (why can't every cinema provide such a sheet for those who want it?) observes that it does not present "a 'character' drama" explaining:

"Plots composed of collective activities are not likely to produce figures with whom the viewer can identify throughout the whole film . . . The efforts of many people are needed in order to resolve conflicts, so how could identification with a single protagonist be adequate to answer the questions that have been raised?"

In practical terms what this means is that any character doing anything appealingly heroic is promptly made to do something countervailingly unattractive, and anyone starting to emerge as a "leader" is promptly pushed into shadow. No doubt those leaning towards a political system which has produced such dreadful charismatic individuals as Stalin and Mao are understandably chary of hero worship. But Joan Littlewood could tell them that shopfloor workers are as keen as anyone else on entertainment and that if you refuse to allow the development of characters with whom the audience can identify then you will lose your public.

The second of the external television events occurred at the Institute of Contemporary Arts on Thursday and attracted quite a band from our own new left. They went to hear Stuart Hood, former controller of BBC Television programmes, discuss his new book *On Television**, which offers a fairly straightforward socialist analysis of British television, though unfortunately without an index.

The meeting began with general agreement that the "gate-keeping" and "agenda setting" of British television (i.e., editorial constraints) are too narrow and should be broader, and proceeded by way of various topics including a demand for birth control propaganda in *The Sweeney* (really) to the familiar pet hates of the new left: anti-Irish jokes and "sexism."

When BBC2 controller Brian Wenham remarked mildly that comedies containing this sort of material were often watched by 10m or 12m people who did not, as was being implied, seem to have quite the same outlook as those at the meeting, he was met with that soft threatening hiss that has become so characteristic of dissatisfied left wing meetings — within the broadcasting business anyway — in the past few years. Furthermore, he was told in very clear terms that he ought to be *preventing such material getting on the air*.

In other words, having opened with the new left's familiar demand for greater "freedom of speech" to put across the ideas they happen to favour, it closed with their usual demand for censorship of what they don't happen to like.

This on its own would have been enough to confirm that the image of the new Left conveyed by *The History Man* was anything but out of date. However, it was the other programme which showed this most graphically: BBC2's coverage of the special Labour Party conference about the leadership election on Saturday. David Dimbleby did his usual unobtrusively effective job of presenting, Robin Day was as correct and tenacious as ever (or nearly so) in questioning representatives of different party views in a rather bleak Wembley studio, and since the technical side of the BBC's outside broadcast went as smoothly as it always seems to, this time under OB producer Peter Massey, producer Colin Martin and editor Margaret Douglas, the whole thing made a very impressive piece of live and "nearly live" television.

It was the speakers themselves, however, and also the conference listeners who were so eye-opening for any member of the public whose knowledge of the manoeuvring within the Labour movement has largely come hitherto from the Press —which must mean virtually everyone since television finds awful difficulties in dealing with such subjects day by day, outside setpiece occasions such as the conference. At conferences, though, television comes into its own.

As with the Irish eye witness and Howard Kirk, so here television was able to bring home with a clarity and force unavailable to other mass media a picture of the true nature of the people who are shifting power in the Labour movement away from the electorate and into the hands of an oligarchic minority.

What became so startlingly clear from these television pictures on Saturday was the sincerity with which some constituency Labour Party delegates oppose the principle of one-man-one-vote. From the gleam in the eye to the finger in the air their every mannerism shows that when it comes to privileged voting rights no 19th century totalitarian Tory demanding them in the name of the abnormal extent of his lands could outdo a 20th Century totalitarian CLP delegate demanding them in the name of the abnormal extent of his *activity*.

* *Pluto Press £2.95.*

Oxford Playhouse

The Philadelphia Story

Philip Barry's 1939 Broadway comedy was a hit on stage and film for Katherine Hepburn and the basis for Cole Porter's screen musical *High Society*. Brooks Atkinson declared that Miss Hepburn convinced audiences of "the essential humility of a fashionable snob." There is no question of the exact social milieu: Tracy Lord is a Philadelphia golden girl about to be married, for the second time, to a dour industrialist colleague of her philandering father. The cast assembles on Sue Plummer's green lattice and white clapboard veranda for a matrimonial weekend that is to be the subject of an in-depth newspaper story.

The journalists, Mike and Liz, are doing the Philadelphia story for Destiny. Mike starts off asking what right has the privileged Tracy to exist, but ends up prostrate at her feet. An "illicit" swim on the wedding eve threatens to liberate Tracy from her background, but the *ex-husband, the suave and* urbane Dexter Haven (Lewis Fiander) is on hand to pick up where he left off and enlist Mike as best man.

The script is fluent and diverting enough, but scarcely of the high octane quality I was expecting. Great long passages, in fact, are downright corny, and the casting of the beautiful Gayle Hunnicutt deprives Tracy of the required intimidatory edge. Miss Hunnicutt does not begin to suggest why she should be thought of as a virginal prig, let alone an unobtainable goddess.

So the piece comes across as a romantic charade in soft focus. Mr. Fiander and Alan Rickman as Mike are well-contrasted adversaries, but unconvincing as period types. Mr. Rickman's line in laconic throwaway ensures some good moments and his scenes with Miss Hunnicutt are the best in Gordon McDougall's production. But his trousers are wrong, for a start. And surely he should sport his bruise on the jaw where the punch actually lands. The production misses out on detail all the way through, but most of all it lacks the grand comic gestures that characterise its heroine.

MICHAEL COVENEY

Gayle Hunnicutt — Leonard Burt

Purcell Room

David Wilson-Johnson by MAX LOPPERT

David Wilson-Johnson, one of the most versatile of the rising generation of British singers, gave on Monday a recital in which Wolf, Poulenc, Grainger and Edward Cowie called on a wide range of gifts. Everything in the programme had been well studied and firmly mastered—the baritone's command of German and (especially) French bespeaks an uncommon aural acuity—and the voice spanned with ease a testing compass (though not perhaps with proper solidity the low notes of Wolf's Michelangelo songs).

And yet the overall impression was a little less encouraging than previous encounters with Mr. Wilson-Johnson (in, among other things, the memorable concert performances of *Punch and Judy* and *King Priam*) had led one to expect. The uncomfortable acoustics of the Purcell Room were misjudged by his pianist, David Owen Norris, whose loud playing crossed the pain threshold unfairly often; and a voice that on those earlier occasions had seemed so sure of focus and clean of cut tended to develop a gritty overlay.

In addition, I thought I detected a touch of what can only be described as self-satisfaction in the platform presence. Allied to a too thickly spread relish of Poulenc's melodic fancies, in *Le Travail du Peintre*, and to a rather obvious kind of bounciness, in the Grainger group, it had the effect of showing up the singer's relative interpretative immaturity rather than his questing intelligence.

Brighella is a leading character in Cowie's opera *Commedia* (first given at Cassel in 1979); and *Brighella's World*, a cycle of nine songs receiving here its first complete performance, is an offshoot of ideas about the character—the relationship between the two works is not unlike that of Tippett's *Knot Garden* and his *Songs for Dov*. The verse is the composer's own, which is the first problem facing the listener: for it is poetastery, full of clonking metaphors limning in tired cliché a series of cloud-capped concepts. (From No. 4, "On War": "Come in, number three, your dream's up now".)

The musical language seems to me to throw glances back to Tippett, in particular to the hard-edged textures and lean *lines of the later two piano* sonatas. There are promising moments in each of the songs; thirds and triads in the piano part convey the passage of thought and feeling formulated so ill in the words. But nothing finds more than fitful sustainment; each song offers suggestions as to what might have been rather than what actually *is*. This has much to do, I felt, with a vocal line "pieced together," not lyrical in impetus; and all Mr. Wilson-Johnson's precise musicianship could not make it otherwise.

Shaw

Barrie Keeffe plays

by B. A. YOUNG

Barrie Keeffe, a graduate of the National Youth Theatre, is the laureate of the deprived teenager, and here, in what Michael Croft tells us may be his company's last production, are two representative pieces.

In the first, *Gotcha*, a dim boy in his last day at a comprehensive school catches two of the staff making love in the deserted science stock-room. At last all his pent-up resentment can find a target, and by the simple process *of holding a glowing* cigarette over the open tank of his motorbike, he is able to blackmail the two of them, Peart the games master and Lynne his girl-friend. He is even able to get them to call in the headmaster.

Much of what he has to complain of is savagely justified. He *has been five years at the school*, and none of his three victims even knows his name. He hasn't taken part in anything if he can help it, but no one has ever encouraged him to. He has had five years of neglect in a school that prides itself on its scholarships and A Levels and sporting sucesses, and now he *is on the verge of real* life with nothing to show from his education but a bad report.

I'm absolutely on the boy's side, nasty though he is; but it's no help to us to pit him against such an oily, hypocritical Head and brutal games master; and it's not fair to keep the situation so long unresolved when (at any rate in Bill Buffery's production) there are dozens of chances for the men to end it. They even go to sleep, leaving the girl alone with the boy. This leads to a touching conclusion, when the boy breaks down on her shoulder and the men jump him, but I just didn't believe it.

The second play, *Killing Time*, is a little scherzo about three unemployed school-leavers spotting cars for one of their friends to steal. Society, this time, not mere schoolmasters, is their enemy. With nothing to do, bad home conditions, criminal associates, what hope is there for them? At any rate Mr. *Keeffe has made them very* funny, their speech (the dirtiest you ever heard) beautifully observed, and the three players —David Lear, Robert Glenister (less successful as the boy in *Gotcha*) and Sylvester Williams are ideal. I was specially pleased to see Mr. Williams, who is black, playing a part that need not have been black, though some suitable lines are worked in. This is something that ought to happen more often.

Robert Glenister (top) and Donald Douglas in "Gotcha" — Leonard Burt

Festival Hall

LSO/Previn

by ANDREW CLEMENTS

Andrzej Panufnik's Concertino for percussion and strings received its first performance at the beginning of Monday night's London Symphony Orchestra concert. The work is not entirely new; it is a reworking for orchestral forces of a test piece commissioned for last year's Shell Scholarship competition for percussionists. It lasts barely a quarter of an hour.

The Concertino is laid out with Panufnik's characteristic economy of means, with all that implies for its thematic content, structural symmetries and lean, clear scoring. The germ here is a four-note cell heard on the tubular bells at the very beginning of the work and thereafter permeating everything, horizontally and vertically. It sustains the five short movements with the minimum to spare, for with the exception of a pair of languid *canti*, the bulk of the argument is carried by motoric exchanges between soloists (Kurt-Hans Goedicke and Michael Frye) and strings.

As a bustling concert opener it has many virtues, but percussionists may welcome it more were the solo parts rewritten for a single player; as it stands the two players are more often heard alone than together.

The high-spirited energy of the Concertino supplied a quality that was conspicuously absent in the remainder of the programme. André Previn conducted a selection from Prokofiev's *Romeo and Juliet* — a *long-winded conflation from the* two concert suites — and suggested very well that this could have been the 500th time orchestra and conductor had played the piece together: there was no involvement, not a hint of the high-definition playing that has long been the LSO's distinction in this kind of music.

The second half of the concert was devoted to a performance of the Emperor Concerto with André Watts as soloist. The orchestral accompaniment continued in its somnambulent way, and Mr. Watts rifled off some brittle runs and some *helter-skelter solos: it all had* little to do with Beethoven.

New leader for Philharmonia

Christopher Warren-Green has been appointed leader of the Philharmonia Orchestra.

The appointment follows a series of concerts in which Mr. Warren-Green played as guest leader after the departure of Carl Pini to Hong Kong.

At 25, Mr. Warren-Green has been leader of the BBC Welsh Symphony Orchestra since 1978, where he also appeared as soloist in a number of performances, including the Mendelssohn and Chaikovsky concertos. He plays on a Francesco Ruggieri instrument, dating from 1670.

Book Review

An empire's story

The Venetian Empire
A Sea Voyage
by Jan Morris.
Faber and Faber £9.50. 192 pages

This book lives up to all the high standards of its author. It is an evocative and accurate account of the sea empire of the Republic of Venice, beautifully written, well illustrated with a good map, a chronology and a gazeteer.

It *is a romantic tale of the* maritime expansion of Venice and Miss Morris tells it as a sea voyage that spans time and space in her reconstruction of the great adventure that began in the twelfth century and ended in the eighteenth.

There are not many travel writers who can give you the *feeling that you are in the* places they are writing about with them as they journey. Jan Morris does this effortlessly and succeeds in transporting the reader in a time machine to be with the Venetians at the fall of Constantinople in 1204 and with them after Napoleon had uttered the dread words, "I will be an Attila to the Venetian State" in 1797.

The destruction of Byzantine civilisation by the Venetians is vividly described before we embark on the voyage through the scattered islands of the Cyclades and visit Crete, Euboea and the Greek islands where the Venetians sent their younger sons to hold sway.

Jan Morris has visited the country houses on Naxos and tells of the lives of quiet squirearchy that the Venetians enjoyed. Cyprus, Monembasia, Corfu and the complicated coast of Dalmatia were all part of the Empire of the Sea and Jan Morris relates their time of subordination with a detailed awareness of the commercial and military significance of these possessions. Venice is where it began and where the post imperial story ends, and no one writes of that city with more grace than Jan Morris.

COLIN AMERY

Standard drama awards

The theatrical awards season came to its climax yesterday with the New Standard Drama Awards. There were few surprises. Michael Frayn's *Make and Break* was voted best comedy of 1980; *Sweeney Todd* was the best musical of the year; the best actress award was divided between Frances de la Tour for her performance in *Duet for One* and Judi Dench for *Juno and the Paycock* while the best actor was judged to be Tom Courtenay for his role in *The Dresser*.

Ronald Harwood's *The Dresser* also picked up the best play prize. Paul Kember is most promising playwright for *Not Quite Jerusalem* and Trevor Nunn won the Sydney Edwards award for best director for *Nicholas Nickleby*. A special award presented by Princess Alexandra, was made to Sir Ralph Richardson who is celebrating 60 years on the stage.

FINANCIAL TIMES
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Wednesday January 28 1981

Changes in the stock market

ONE WAY or another, the trading practices of the Stock Exchange are likely to change radically over the next decade. The question is whether this will come about as a result of market forces or of intervention by the courts. Unless there is some unexpected intervention by the Government, the Exchange's rule book is likely to come before the Restrictive Practices Court sometime late in 1983 or 1984. The Stock Exchange and its lawyers are now preparing the case for the defence.

Interdependent

There are two areas in which it is most sensitive to attack. One is its structure of minimum commissions. The other is the system of single capacity, whereby the role of the agent and principal is rigidly divided, between the broker and the jobber respectively. The Stock Exchange claims that these two principles are interdependent, and that merely tampering with one could bring the whole edifice crashing down. Yet they are both coming under increasing pressure, for reasons which have nothing to do with the Office of Fair Trading.

The character of the market place has already been changed by the rise of the giant investing institutions. The great bulk of business in equities now passes through not much more than a score of broking firms, and the lucrative market in Government securities has been carved up by even fewer firms. The number of jobbers has contracted to the point where there are only a dozen firms left in London. If these trends continue, there must come a point at which members will break ranks on both minimum commissions and single capacity.

The other great catalyst for change has been the removal of exchange controls, which for the first time in 40 years has left London directly exposed to international competition. This is already having widespread repercussions. One striking example was the recent decision by a leading firm of jobbers to switch its trading activities in gold shares from the floor of the exchange to its own back office, where it will deal directly with its clients on the telephone.

The Stock Exchange believes that the Court is not the right forum in which to consider and — perhaps — to change fundamentally the workings of an institution of great national importance. The process will be time-consuming, very expensive and without precedent, since no service industry has been examined in this way before. Most serious of all, it says, is the threat that the court will tear down the existing structure but be under no obligation to propose any alternative.

These arguments have some force. From the users' point of view, the existing system has worked reasonably well for the best part of 200 years. Moreover, if its restrictions were to be removed, it would be open to question whether the Exchange could continue to regulate itself in the way that has been found broadly satisfactory in the past. A system of self-regulation must depend by its nature on the acceptance of some restrictive practices.

Yet the market cannot allow itself to be frozen into immobility by the threat of court proceedings which are still several years away. A number of member firms are already positioning themselves to take advantage of the changes which they now regard as inevitable. The market place could actually fall apart if it is seen to be wholly committed to the defence of lost causes.

Evolution

The Stock Exchange's objective must be to manage its own reforms in an evolutionary way. Of course there are vested interests in keeping things the way they are. In a more competitive environment, firms would have to think again about their investment in research—which is often duplicated—and about the other services which they currently provide "free" to their clients. There could well be a shakeout among those medium-sized firms, which have relatively high costs but few specialised skills to offer.

But the best firms will benefit from change, if it is properly handled. The introduction of negotiated commissions brought a major upheaval to Wall Street in the 1970s, but the state of the securities industry in its present restructured form is extremely healthy. Rather than waiting passively for the court, the city should do its best to take the initiative.

Berlin headache for Schmidt

THE CRISIS in the Government of the city state of West Berlin was far from being a storm in a tea cup. Allowed to continue, it could have sown dangerous distrust within Herr Helmut Schmidt's West German coalition Government of Social Democrats and Free Democrats. That danger was not entirely banished on Saturday when the Berlin Social Democrats and Free Democrats closed ranks and elected Herr Hans-Jochen Vogel, a prominent Social Democrat and possible successor to the Chancellor, to be their Mayor.

Resigned

West Berlin politics have become notoriously difficult, and it remains to be seen whether Herr Vogel can restore order. His predecessor, Herr Dieter Stobbe, resigned when the City Assembly rejected several of his nominees for heads of departments. A shuffle had become necessary because of a scandal in the construction industry: the city had underwritten what turned out to be bad debts of a building entrepreneur who has disappeared. Nobody can be certain which members of the coalition parties deserted Herr Stobbe, but confidence between the two parties was undermined. Unless Herr Vogel can assert himself, that would be liable to reflect upon co-operation within the parallel coalition in Bonn.

Even if he does bring the parties to heel, as well as the warring ideological factions within West Berlin Social Democracy, Herr Vogel faces the likelihood of elections later this year. They could easily lead to a victory for the Christian Democrats, given the history of internecine strife and of political favours associated with the present coalition in Berlin.

That would not be a disaster for West Berlin, embarrassing though it would be for the coalition in Bonn. Berlin, as the historic capital of Germany and because of its position as an enclave in East Germany, inevitably is a spot of great political sensitivity. It is essential for West Berlin and Bonn to co-operate closely in their handling of relations with the East.

But co-operation should be safe in the hands of Herr Richard von Weizsaecker, the Christian Democratic leader in Berlin, should he win the election.

Were Herr Vogel to fail in Berlin, the consequences could be incalculable. In the first place it would seriously damage the standing of one of the few potential successors of stature to Herr Schmidt. Another, Herr Hans Apel, Defence Minister, has been severely shaken by his ministry's serious miscalculation of the cost of the Tornado aircraft.

Personalities apart, the atmosphere within the Bonn coalition is not of the best. There are severe differences, not all along party lines. Both governing parties, for instance, are divided about nuclear power. Given West Germany's great and growing energy deficit, that is an issue crying out for an early resolution. A fresh revolt over defence spending has broken out on the Social Democrats' left wing.

The Social Democrats are committed to developing the existing system of workers' co-management or industrial democracy, the Free Democrats, and especially the Minister of Economics, Otto Count Lambsdorff, dislike the institution.

Subtle shift

Both parties are divided about a subtle shift in the country's policy towards arms exports. The established policy, at times elastically applied, was to refuse to export arms into areas of tension. But the Foreign Minister, Herr Hans-Dietrich Genscher, recently justified a proposal to sell tanks to Saudi Arabia, saying that "stability may be increased in an area of tension by providing a country with the means to defend itself."

As leader of the Free Democrats Herr Genscher is firmly committed to the coalition. In harness with the Social Democrats he can be the champion of moderation and non-Socialist interests within government. In an alternative coalition with the Christian Democrats he could not. But these are tactics which will work only as long as there is at least a hint that the Free Democrats might, one day, switch sides. Moreover no coalition can function in an atmosphere of mistrust. If the Berlin coalition fails the coalition in Bonn will not be broken: but it would sustain a crack.

ACCOUNTANCY CHANGES

The taxmen lead the backlash

By Barry Riley

THE honeymoon period for current cost accounting is over. More than 5,000 listed companies and other enterprises in the UK and Ireland are preparing to produce current cost figures this year in accordance with the new accounting standard SSAP 16. But important opposition is developing from a variety of sources.

Most seriously, the Inland Revenue has rejected current cost accounting as being inappropriate as a basis for assessing tax on business profits. And the Stock Exchange has been forced to defer for 12 months its plans to require listed companies to disclose half-year current cost figures this year.

Much of the pressure to drop or delay the interim statement proposal came from GEC, one of Britain's most powerful industrial groups, which threatened to refuse to comply with the ruling. Its managing director, Lord Weinstock, took the opportunity of his maiden speech in the House of Lords in November to lash out at SSAP 16.

"Our managers are being brainwashed by academics and the high priests of the accounting profession into believing that the mumbo-jumbo of current cost accounting contains remedies to the problems caused by inflation," he said.

Meanwhile, a large number of London-based merchant and consortium banks, including most of the accepting houses, have been lobbying the Accounting Standards Committee to obtain exemption from SSAP 16 on the grounds that the disclosures could damage their credibility in international markets.

And two of London's larger discount houses, Union and Alexanders, have discovered a technical loophole which will allow them to ignore SSAP 16 without suffering the penalty of a qualification to their accounts.

The apparently esoteric techniques of accounting for changing prices can have important practical consequences in two ways. They may influence the financial markets, affecting the share prices of companies or the ease with which banks, for example, can attract new resources. But probably the more serious economic effects arise through the tax system.

Thus, the crude system of stock relief which has been in force since 1974 and is now to be superseded has contributed to an artificial rise in holdings of stocks, which in turn partly explains the need for the current, particularly savage, wave of destocking in the UK.

Under the new system, companies will have to move over to radically different techniques in the management of working capital. One of the constraints upon the Inland Revenue has been to avoid the possibility that the implementation of new tax accounting methods will lead to huge shifts in the financing pattern in industry, and thus to distortions of the monetary aggregates.

When the accountants — through the Consultative Committee of Accountancy Bodies (CCAB) — submitted their response to the Inland Revenue's stock relief consultative document at the end of December, they argued strongly that current cost accounting was a practical basis for the assessment of taxation.

"We do not accept the inevitability of a divergence between the requirements of the tax system and those of accountancy," their memorandum said.

They drew attention to "the difficulties inherent in considering stock relief in isolation from the other adjustments that are necessary if the taxation of business profits is to take account of changing price levels."

But the Inland Revenue is not yet in a position to consider adopting comprehensive reforms. These will have to await a wide-ranging Green Paper which will be published "in due course." Its current proposals on stock relief, which are to be included in the next Finance Bill, are being produced as a matter of urgency to remove the problem of "clawback" which has threatened to hit many companies forced to cut stocks during the present recession.

Yet although the Revenue acknowledges that the present proposals may need modification in the context of the future Green Paper, it also suggests that the currently proposed stock relief method is "consistent with the direction" in which the Government hopes corporation tax will develop.

And there is enough hostility to current cost accounting in the Revenue's consultative document to cause the accountants to be thoroughly concerned about the direction of the Revenue's thinking.

"It is necessary," says the Revenue, "for the tax system to lay down rules which are both certain and objective and which leave little to subjective judgment."

Crucially, this requirement causes the Revenue to reject a cornerstone of current cost accounting, its adoption of a wide variety of specific price indices tailored to the particular requirements of a company.

"This would not be a practical basis for tax relief. It would introduce an unacceptable degree of subjectivity into the calculation of tax," according to the consultative document. Instead, for tax purposes a single "All Stocks" index is to be applied.

Secondly, the Revenue has ruled out the application of an SSAP 16-type MWCA, even though it recognises that the way in which stocks are financed needs to be allowed for in determining stock relief.

In this respect again, SSAP 16 is "unacceptably subjective" according to the Revenue paper. "There is no objective basis on which a tax system can distinguish whether part or all of a bank overdraft is being used to finance stocks, or to finance some other asset or operation."

The Inland Revenue is concerned at the possibility that the tax system might provide an incentive for companies to change their methods of financing working capital.

So, in a move which purports to hit at retailers including supermarkets which have anomalously enjoyed the benefit of the original form of stock relief, even though their stocks are largely or wholly financed by suppliers, the Revenue has proposed a crude form of credit restriction which is based not upon working capital but upon overall gearing at group level.

Although the Revenue claims that under the new system the proportion of total stock relief going to industry will rise—from around 45 per cent to perhaps 50 per cent—many finance directors of highly geared manufacturing companies are alarmed at the effect the credit restriction will have.

Critics suggest that it is just a very rough and ready way in which the Revenue can keep the cost of the new stock relief scheme down. "It is essential to keep the cost within the bounds of what the Government can afford," says the consultative document.

Not all accountants have taken a wholly negative attitude to the Revenue's stock relief paper. Thus Mr. Douglas Morpeth, deputy chairman of the Accounting Standards Committee and former head of the Inflation Accounting Steering Group, told a City conference last month that the new provisions represented a considerable advance towards current cost accounting.

He argued: "It would be wrong for me not to say that I believe the Government and the Inland Revenue have illustrated considerable support for CCA and, except in one or two areas, have gone as far as they can at present."

However, he maintained that for many businesses the single index would not give a fair measure of relief. And he emphasised the importance of the MWCA (notably in relation to banks and other financial companies).

Certainly the accounting bodies have subsequently taken a hawkish line. The CCAB memorandum argues that the application of a single index is "fundamentally wrong," and that the credit restriction is "unbalanced in the sense that it seeks to take account of trade credit and other borrowings by a deduction from the stock relief allowance but not to take account of monetary assets."

It is suggested that the credit restriction subsumes that part of current cost accounts which favours the Revenue but not that part which favours the taxpayer—a result of a "piecemeal approach to the reform of corporation tax."

The accountants also make two very important fundamental points about the stock relief discussion paper.

First, they point out that the Revenue has not tackled the question of whether the effect of changing price levels on a business is to be assessed in terms of the impact on the operating capability or on the size of the proprietor's interest.

Secondly, they suggest that the document confuses two possible lines of approach. It mixes up the current cost method, which looks at the effect of price changes on an individual business, with the current purchasing power system which simply applies a general index to reflect inflation.

The accountants argue that the current cost method is more appropriate. Although it is not inflation accounting, its object is to arrive at a profits figure after maintaining the operating capability of a particular business.

But the attitude of the Inland Revenue has encouraged some of the opponents of current cost accounting to emerge with increased vigour. Prominent among these is GEC which, although long critical of SSAP 16, has in the past kept its opposition muted.

In its submission to the Inland Revenue on the stock relief proposals GEC argues that the adoption of current cost accounting as a basis for tax assessment would have been the only tangible benefit to be gained from the effort put into complying with SSAP 16.

Sir Kenneth Bond, the chartered accountant who is GEC's deputy managing director, has strong views on the subject. "If CCA figures cannot be used for the tax system, it has to be asked whether it is worth the cost of producing them," he says.

He claims that there has not been enough direct contact between firms of auditors and their clients to find out the latters' wishes in such matters as current cost accounting.

"Current cost accounting does nothing to help us become more efficient," he says. "No manager has been able to tell me how CCA can help him run his business. I am coming to the conclusion that CCA is a luxury that manufacturing industry in this country cannot afford."

Undoubtedly, GEC's views are shared by a number of other companies. At Plessey, for instance, Mr. Peter Marshall is unable to find a use for current cost figures in day-to-day affairs.

"I don't know that we are going to succeed in fitting CCA into management reporting," he says. "I am not convinced we know what we are doing it for. Our heart is not in it."

But it would be wrong to exaggerate the degree of opposition. The Accounting Standards Committee has received very little direct criticism on the subject recently from industrial companies.

Indeed, the 100 Group—which comprises the finance directors of some of the largest London-based companies and nationalised industries — has come out strongly in support of current cost figures.

"We accept that the use of current cost accounts produced under SSAP 16 may not be immediately practicable," the group says in its submission to the Revenue. But it insists that any accounting basis suitable both for tax and other purposes "must evolve closely from the work on current cost accounting from Sandilands onwards."

At the very least, however, the attitude of the Inland Revenue is going to threaten the further development of current cost accounting. And it could well be that the active refinement of techniques for accounting for changing prices now taking place in the U.S. under the auspices of the Securities and Exchange Commission and the Financial Accounting Standards Board will also have a major impact on what is inaccurately known as "inflation accounting" on this side of the Atlantic.

CURRENT COST ACCOUNTING

What is it?

A form of accounting for changes in prices which does not, however, adjust accounts for changes in the value of money. Because of this it is not a system of accounting for general inflation. The full procedures are set out in Statement of Standard Accounting Practice (SSAP) 16 which applies to listed companies and certain other large enterprises in the UK and Ireland for years ended December 31, 1980 and later.

How does it work?

Traditional historical cost profits may be converted into current cost profits by applying:

- A depreciation adjustment, to reflect up-to-date costs of fixed assets;
- Two forms of working capital adjustment:
  - (a) A Cost of Sales Adjustment (COSA) to allow for the fact that it may cost companies more to replace stocks.
  - (b) A Monetary Working Capital Adjustment (MWCA) to allow corresponding changes in debtors and creditors and
- An overall gearing adjustment which is set against these adjustments to allow for the fact that in part they are borne by creditors rather than shareholders.

"Our managers are being brainwashed by the academics and the high-priests of the accounting profession into believing that the mumbo-jumbo of current cost accounting contains the remedies to *the problems caused by inflation*"

Lord Weinstock

This would not be a practical basis for tax relief
—THE INLAND REVENUE

No manager has told me how CCA can help run his business
—SIR KENNETH BOND

MEN AND MATTERS

CP Ships waives the rules

Alf Gibson is bluntly less than apologetic about breaking from the General Council of British Shipping to negotiate Canadian Pacific Ships' own pay agreement with the seamen's union. "There are limits . . . and sometimes you've got to drop the big stick and put on the velvet gloves," he says. "That doesn't mean you're a soft touch."

Amid the angry reaction of other shipowners yesterday, it was constantly recalled that Gibson, CP Ships' personnel manager, had been a NUS official for 17 years.

"And before that I spent 11 years at sea," Gibson adds briskly. "I've got first-hand experience of every side of this industry."

Gibson was the seamen's national organiser at the time of the 1966 strike. "I learned a lot of lessons then," he tells me. "Mainly that strikes hurt those on both sides who can least afford it.

"I remember the bitterness of the 1966 strike. . . . It took at least three years to get things back to normal. It's the last thing this industry needs again, but that was the way it seemed to me to be going."

Gibson told the GCBS earlier this month of his concern. "There was just no sort of contact between the two sides," he says. But after an informal chat with NUS officials he thought there were prospects of a reasonable compromise. With CP's full support he warned the GCBS that if negotiations were not resumed, he would seek an independent settlement.

Last Friday, Gibson repeated that if no moves were made over the week-end, CP Ships would open its own talks on Monday. "Efforts were made to change our minds. But I went ahead and reached agreement in two hours," he tells me.

Gibson claims that he is not paying too high a price to free CP's 31 ships from the strike. "I'm acutely aware of our need to be able to compete internationally to make the profits that are the only guarantee of jobs," he says. "But if we are to get more efficiency, relations with our seamen are of crucial importance."

"Try and make the second nought easily removable."

Best seller

Britain's super-salesmen took a couple of hours off from the daily spiel yesterday to sip Institute of Directors claret in Pall Mall and applaud charming Germano Ercole, a rep for CCL Systems of Surbiton and now Britain's salesman of the year.

Seated between Ford's Sam Toy on my left, and a duck salesman on my right, I picked at whitebait and drank in the speeches. British Airways director of Commercial Operations, Gerry Draper, weighed in with the punchy rhetoric — "Either we lie down and die, or get up and fight." Lord Limerick, chairman of the British Overseas Trade Board, countered with the well-turned simile, "The salesman is like a swan — all serenity on the surface, but there's a devil of a lot going on underneath."

From my right, meanwhile, I learned that ducks are more intelligent than chickens; and from my left, that Toy disagreed with his predecessor Sir Terence Beckett's enthusiasm for bare-knuckle fights and four per cent off interest rates at a stroke.

Then, the great moment. Ercole, the swan that got up and fought and won, took the stand. For once, however, his patter — fluent in six languages — deserted him. "I sell pre-stressed concrete," he faltered, "and I now have the impression that I have pre-stressed concrete in my mouth at this moment."

A better place

My man with the hip-flask and the loud check suit has lent me a most interesting little book called "How to Win at Racing," written by ace bridge duo Jeremy Flint and Freddie North. Which I studied with enthusiasm until my eye caught a brief paragraph opposite the contents page remarking that the book was first published under the title "Why You Loose at Racing." It helps, I suppose, to explain the testimonial on the back cover from Joe Coral proclaiming this to be "A really splendid book." A curious world, the turf.

Bounding back

When British politicians put pen to paper, the result is usually a volume of kirtenish memoirs. The French, however, take these things more seriously, and tend towards ruminative outpourings of a more cerebral nature.

Jean-Jacques Servan-Schreiber, erstwhile cabinet minister and Radical Party leader, has cleared within three months almost half a million copies of his latest brainchild, "Le Defi Mondial." The book—its title means "The World Challenge"—treats mainly with the opportunity afforded by the microchip for developing countries to close the gap with the industrialised world. It has been translated into ten languages, with a British edition due in the Spring.

JJ-SS has an astute eye for the promotional opportunity, and a cheap paperback edition of the book is now being launched to tie in with the French Presidential election. It forms the theme of public debates to be held in Paris and major provincial cities over the next few weeks. "Much more relevant to the election than the current in-fighting," he says.

And JJ-SS is, it would seem, better connected than your average author. At the press conference to launch the new Livre de Poche edition, who should wander in to lend his support but Jean-Luc Lagardere, chairman of the Matra arms group, which in turn owns Hachette, JJ-SS's publisher.

Tepee or not tepee

Colonel Muamar al Gaddafy, the revolutionary and expanionist leader of Libya, has not lost his capacity to surprise. In an open letter to President Ronald Reagan, he expresses his concern that American Indians should "regain their rights" under the new administration. His concern, he explains, is underpinned by his belief that most American Indians are of Libyan descent. Indeed, the Colonel claims to have "historic and archaeological" evidence of this hitherto unsuspected genealogy. As to the precise nature of the evidence, sadly, he does not elaborate.

Last word

"He is nothing if not frank—always tells his friends exactly what other people think about them."

Observer

Michael Donne, Aerospace Correspondent, reports on the need to replace ageing, unprofitable aircraft despite the recession

Airlines re-equip for the next boom

THE world's airlines are fighting a fierce battle for survival in the face of the worst recession they have experienced in the past 30 years. But, paradoxically, at the very same time they are also committing substantial sums on new equipment to cope with the rapid re-expansion they still believe will occur in the mid-1980s.

In recent weeks, for example, Delta and American, two large U.S. airlines, have placed orders collectively worth about $4bn (£1.66bn) for the new Boeing 757 airliner with Pratt and Whitney PW-2037 engines—Delta buying 60 jets worth more than $3bn (£1.25bn) and American 15 worth $375m (£156m). Others are expected to follow suit soon.

Last year, the airlines in the 146 member-states of the International Civil Aviation Organisation (the aviation technical agency of the UN) carried 750m scheduled passengers worldwide, only 2.5 per cent more than in 1979. By contrast in the 1970s, the average annual rate of growth was 10 per cent.

Very few airlines made any money. The International Air Transport Association, which contains 107 of the biggest airlines in the Western world, reported that its members collectively lost over $2.5bn (£1.1bn) in 1980. Revenues rose by 19.2 per cent to $33.1bn, but costs soared by 27 per cent to $35.64bn.

Yet despite this, these same airlines collectively also undertook new long-term financial commitments in 1980 of over $16.5bn (£6.83bn) in orders and options for 530 new jet airliners of all kinds.

Including the orders for over 500 new jets placed in 1978, and over 750 in 1979, the world's airlines in the past three years have now committed themselves to introducing nearly 2,000 new airliners from about 1984 onwards, worth over $50bn (£20.7bn).

Yet this is only about half of the new airliners they must introduce by the mid-1980s to replace existing ageing fleets. Over the next two to three years, notwithstanding their continuing financial difficulties, they are likely to place orders for at least another 2,000 airliners, worth afresh $50bn.

And there is not much immediate prospect of any financial improvement. The airlines hope 1981 may be better. But if it is that will only be—in the words of Mr. Knut Hammarskjold, the director-general of the IATA—because 1980 itself was so bad.

To cope with their immediate problems, many airlines are being forced to be more innovative in the way they work. Around the world they are cutting staff numbers, pruning inessential spending, selling off assets such as buildings and leasing them back, selling aircraft where these are surplus to requirements, and undertaking other economy measures.

But, at the same time, all the airlines are undertaking more vigorous marketing programmes, with the emphasis on new types of cheap fares, in a bid to boost sagging traffic.

Most airline managements are hoping that the new generation of aircraft will help them to pull out of their present difficulties. These are being compounded by other problems besides ageing fleets—such as increasingly unacceptable noise levels of existing aircraft, and excessive fuel consumption. The new generation of jets will be bigger, carry more passengers per flight, be cheaper to operate, and are thus likely to be more profitable.

The average price per U.S. gallon of aviation fuel last year was $1.22, with prices of up to $1.50 being paid in some parts of the world. This year, the average will be about $1.40, with some prices of up to $1.70-1.80 being paid. By the mid to late 1980s, many airline managements see the price going well over the $2 a gallon level.

The aircraft now being developed for service from about 1984 onwards are designed to give improvements of up to 40 per cent in fuel consumption, which will go a long way towards meeting these ever-rising fuel bills. The new aircraft cover the entire spectrum of range-payload capabilities, from short-range to long-range. Many of the smaller short-to-medium range types, such as Boeing 737s, Boeing 727s and Douglas DC-9s, have been in service for anything between 10 and 15 years and there are now about 3,000 of them in the front-line fleets of the world's airlines.

Some are much younger than others—after all, the three models are still in production—but enough of them are ageing to justify the airlines considering replacements for them.

Many types of new short-to-medium range jets are on offer, from the European Airbus Industrie 250-seat A-300 and smaller 200-seat A-310 Airbuses, to the new Boeing 767 200-seat semi-wide-bodied and Boeing 757 narrow-bodied twin-engined airliners. Douglas is also offering the 178-seat DC-9 Super 80. Several other new types are being mooted, but have not yet been given the go-ahead.

These include the new Single-Aisle (SA) series from Airbus Industrie—the SA-1 of about 130 seats and the bigger SA-2 of around 160 seats — while Fokker of Holland is talking of an F-29 twin-engined jet of 150 seats, and the Japanese aerospace industry has plans for a comparably sized airliner, the YXX. In the U.S., McDonnell Douglas is discussing a 150-178 seat DC-XX, but has yet to give it the go-ahead. Boeing is also discussing a new development of the best-selling 737, the Series 300, but has yet to authorise full development.

As with airframes, so with engines. The competition between the major manufacturers is bitter. Pratt and Whitney has recently snatched two major contracts from beneath the nose of Rolls-Royce—for the PW-2037 engine for 60 Boeing 757s for Delta Air Lines, worth over $600m, and another worth about $450m for the same engine from American Airlines both for the Boeing 757 airliner.

Further engine orders now being sought in the U.S. include one from United Airlines, which is also expected to be a big buyer of new-generation short-to-medium range jets, either Boeing 757s or McDonnell Douglas DC-XXs. Rolls-Royce and Pratt and Whitney are fighting hard for this order.

Although General Electric, the other major engine manufacturer, revealed earlier this week that it has surprisingly pulled out of the engine fight for the Boeing 757, dropping its CF6-32, it is still in the fight for the potential market for a smaller airliner of 150 seats with a smaller engine, and is expected soon to clarify its plans.

But Pratt and Whitney is now in an immensely strong position, and because United is already an extensive user of Pratt and Whitney engines in its big fleet of Boeing 727s, the chances of any United order going to Pratt must be considered strong.

In the long-range field, the existing fleets of over 500 Boeing 707s and nearly 400 DC-8s have been in service for longer periods, the oldest being between 15 and 20 years of age. These jets are being progressively replaced by the new generation of wide-bodied long-haul jets, the Boeing 747 Jumbo, the Lockheed TriStar and the McDonnell Douglas DC-10. But even some of these aircraft have already been in service for over ten years, and already some airlines are looking for later versions of these big wide-bodies, with improved, quieter, and more fuel-efficient engines.

Boeing is already building a bigger 464-seat version of the Jumbo with a stretched upper deck, and has plans for even bigger models ranging up to a possible 1,000-seater that could be in service by the end of the decade if enough airlines wanted to buy it.

Both Lockheed and McDonnell Douglas also have plans to stretch their own wide-bodied jets, but will not do so unless the market demand is adequate. Lockheed prefers to spend its cash on improving the existing TriStar, especially by improving fuel consumption. McDonnell Douglas seems most likely to spend its available funds on launching the short-to-medium range DC-XX at a cost of over $1bn, before stretching its DC-10 and thus getting into a fight with Boeing that it could never win, because of Boeing's dominance in the long-haul wide-bodied jet market. To date Jumbo jet sales stand at 558 aircraft, with 467 delivered.

Despite the airlines' financial problems, they do not seem to encounter any difficulties in attracting the necessary cash from banks and other lending institutions to pay for the new equipment.

The reason is that banks, governments and other lenders or guarantors all share the airlines' view that in the long-term the recession will pass, giving way to a new era of substantial air transport expansion, with a concomitant return to profitability.

This explains why, worldwide, the pace of airline re-equipment, after a period of doldrums in early 1980, now appears to be accelerating again. Over recent months, apart from the big orders in the U.S. there have been some significant orders in other parts of the world, such as the Middle East.

There, such airlines as Middle East Airlines and Saudia of Saudi Arabia have placed strategically key orders for European Airbuses, the A-310 for MEA and the bigger Series 600 A-300 for Saudia.

In fact, the classic battle in world airliner markets is now between Boeing and Airbus Industrie, with the latter steadily gaining ground in many markets long believed to be Boeing's preserve. Airbus Industrie is now the second biggest supplier of wide-bodied jets in the world after Boeing. Although its sales last year, of 86 aircraft (50 firm and 36 on option) were well below Boeing's total of 352, this was largely because of Boeing's much wider product range, of five major types covering short-range 737s right up to the massive 747 Jumbo, against Airbus Industrie's two, the A-300 and A-310.

Airbus is now seriously studying the question of widening its range, with the addition of a four-engined, long-range model, the 220-seater TA-11, and a stretched-fuselage version of the A-300, the TA-9, to seat 310-350 passengers. At the same time, it is considering the smaller Single-Aisle series.

But Airbus Industrie's problem is that all these developments will cost of lot of money, up to £1bn or more if all are undertaken. This would have to come mostly from the member governments—the UK, France, West Germany, Spain and Holland. Thus, none of these aircraft are likely to be launched until the European group can demonstrate the existence of firm markets, and these in turn are not likely to emerge until Airbus Industrie can guarantee that the aircraft will be available. Resolving this dilemma and deciding which new types to launch, will be the major problem for Airbus Industrie in 1981.

JET AIRLINER SALES*

	1979	1980	1980 value (approx.)	Total sales to date	Deliveries to date
Boeing					
707	1	21	—	962	938
727	110	72	—	1,811	1,678
737	76	108	—	851	707
747	79	48	—	559	482
757	—†	72	—	156	—
767	51	31	—	301	—
	317	352	$11.5bn	4,640‡	3,805‡
Airbus Industrie					
A-300/A-310	221	86	$3bn	460	119
McDonnell Douglas					
DC-10	93	36	—	393	338
DC-9	85	35	—	1,084	954
	178	71	$1bn	1,477	1,292
Lockheed TriStar	35	21	$1bn	289	195
Totals	751	530	$16.5bn	6,866	5,411

* Includes all announced sales and options where known. Some sales and options to undisclosed customers are not included

† British Airways and Eastern Airlines' orders for 757s were counted in 1978

‡ To end-November, 1980, in the case of Boeing jets

Letters to the Editor

Life after redundancy

From Mr. N. S. Brown

Sir, — Facing compulsory redundancy from the steel industry at 52, I would like to adapt myself to become an economic asset instead of a burden on the welfare state. The right encouragement from Mr. MacGregor or Mrs. Thatcher would save taxpayers' money in the long run.

British Steel Corporation gives financial help to redundant employees who move to vacant BSC jobs in other parts of the country. This is probably charged to the department where they are to work. Any manager who accepts a redundant steelworker from another part of the country increases his departmental costs and reduces the survival chances of his own department. Mobility would be increased if relocation grants could be paid from a central fund or if the accepting department could be credited with any redundancy payments which are thereby saved.

Mr. MacGregor's delayed wage round means that next summer there will be a pay rise earned by economies achieved over an 18-month period. Redundancy after the normal review date but before the delayed review date will deprive me of any share in that and will diminish my redundancy pay.

There is criticism of workers who spend redundancy pay in order to qualify for supplementary benefit. If one seems destined for the scrap heap is it wrong to buy a new car or a good holiday for the last time? What are the alternatives? Would it help if we all moved house, simultaneously destroying house values in the depressed areas and overpopulating London? Would there be jobs in cities which already have their own dole queues? Should we rush to start businesses we know nothing about, at a time when experienced businessmen are going bankrupt? Would you retrain a 52-year-old when younger men are available? Pauperism is being encouraged, not in the national interest or by the workings of a free market, but by administrative rules which require people to spend at once or lose out. Would it not be better to create special bank accounts which would permit withdrawals only to finance moving house, retraining, starting a business or the purchase of an annuity at 65 and to disregard such accounts when assessing supplementary benefit?

If a middle-aged worker thinks starting a business is a better gamble than the demoralising search for a job he will meet obstacles which might change his mind. It would seem prudent to start as a one-man business and to expand only when experience has shown that the business can survive. This often rules out manufacturing (because one man cannot keep expensive facilities fully employed) and therefore rules out regional development grants. Apparently I could get help for a service business if I were to start in Bristol and transfer to South Wales when I can employ people, but not if I start in South Wales and expand from there. If regional grants are necessary for economic revival why should the self-starter be left out? If it is uneconomic to administer small sums of money why not substitute increased allowances against income tax or enhanced rebate on VAT when assets are purchased for use in a Development Area?

Business premises are another hurdle. The small man (who risks his savings as well as his income and who must cut his losses if he finds he has misjudged the market) cannot afford a 25-year lease.

BSC (Industry) has done a good job in providing small premises without long-term commitments, but not where I live; it seems I shall have to wait about a year for that.

The nation is undermining itself by administrative practices which dissuade individuals from seeking their own survival.

N. S. Brown.
109A Ashford Close North, Cwmbran, Gwent.

Commercially minded

From Mr. A. C. Berry

Sir,—As an exporter dealing with many of the difficult overseas markets which have contributed to much of Export Credits Guarantee Department's recent losses, I can sympathise both with ECGD's cautious attitude towards granting cover and with Mr. Bharali's plea (January 21) for a more commercially minded approach.

What I think is needed is for ECGD to strike a better balance between these two equally important requirements but I must say that my own efforts in the past to induce such a change in policy have always fallen on deaf ears. While no reasonable person would expect or wish for an insurance organisation to continue extending cover on either a defaulting buyer or a country in obvious financial difficulties, there is often a feeling of "panic measures" being taken, whereas a more thoughtful and realistic, not to say more sympathetic, handling of the situation might still leave them with adequate safeguards while allowing their policyholders to protect their own trade interests.

I have found, for example, that cover is sometimes withdrawn at no more than a day or two's notice on a particular buyer, based upon the flimsiest of information (which cannot be substantiated later), notwithstanding the fact that the exporter dealing with this buyer might be half-way to shipping an important order to him. The obvious embarrassment as well as trade loss caused to the exporter is obvious enough to another man of commerce, but apparently not to ECGD.

Again, the recent curtailment of cover on business to Nigeria under £10,000 per contract has caused a great deal of resentment as well as confusion in the world of exporting, which is another demonstration of ECGD's lack of awareness of its policy-holders' needs, without any thought of prior consultation. In these respects, Mr. Bharali's plea for sensible changes in line with commercial practice deserves greater support.

A. C. Berry.
21, Traherne Lodge, Walpole Road, Teddington, Middx.

Making sense of intelligence

From Mrs. E. Davidson

Sir,—a simple rule when interviewing for top posts in industry, is to divide the clever and the wise and remember the clever are limited by their own capabilities and the wise are able to utilise the capabilities of others. It is the wise who do best in industrial management, who are themselves capable of innovation and are able to surround themselves with the necessary team of experts to look after the detail. It has much more to do with being less conceited, than less "bright."

If wisdom was in fashion —e.g. the Bank of England, to quote Anthony Harris, (January 20), "the interest rates may still be stuck at an excessive level . . . because someone in the Bank of England has glue where his brains ought to be"—we would certainly have less problems in management. If it were to become fashionable in politics, and we had a stable set of policies for a decade, who knows we might even be able to afford index-linked pensions for industry!

Mrs. E. M. Davidson.
7 Hathern Close, Sunnyhill, Derby.

By guess or by Godley

From Mr. G. Allen.

Sir,—Professor Godley's call (January 19) for synchronised expansion of the industrial countries is truly remarkable since the associated need for extra oil would likely increase the real price by 25 per cent or more and possibly reduce total OPEC supplies. He recognises that energy saving is the fundamental requirement for sustained faster growth. But how do we get from here to there? How do we persuade OPEC to hold willingly much larger foreign assets than it now has? What if its short-term supply curve is backward sloping? Or would the prospects of further oil price increases so concentrate Iraqi-Iranian minds that the war would end and an extra 3m-5m barrels/day become available fairly quickly?

George R. Allen.
Allen Associates. West Woodlands, Newton-Tracey, Barnstable.

Eurocheque drawbacks

From Mr. C. Stanford

Sir,—You state in your article on banking (Europe Survey, January 12) that the banks issuing Eurocheques give their customers "uniform cheques and chequebooks."

A major practical disadvantage of the Eurocheque system is that there are no chequebooks. Cheques are issued loose, with no stubs by which one can keep track of cheques drawn and unused. All that is provided is a minuscule blank form on which the user is expected (if he remembers) to record all details, including the serial number of the cheque. An accountant dealing with the affairs of small businessmen tells me his job has become a nightmare in keeping track of the cheques they draw. So long may British banks stick to the chequebook!

The uniform appearance is also an inconvenience where a firm has banking accounts with several banks. It is all too easy to draw a cheque on the wrong account.

If the reply of the banks is that the customer needs only to exercise a little care, then this is just another case of responsibility being transferred to someone else in the name of "rationalisation."

The charge levied on Eurocheques is such that retailers (in some countries) do not like accepting them at their face value. Now a major bank has informed us that the charge will most probably be a percentage of the face value (1.25 per cent). The commission on travellers' cheques is 1 per cent and on plastic money zero.

Incidentally, I am informed that the Eurocheque forms are considerably more costly than the older ones.

C. J. Stanford.
22, Ave. Kricq, 1208 Geneva.

UK merchant fleet

From Mr. D. Martin

Sir,—In the House of Commons on January 20, in the course of a reply to Mr. S. Clinton Davis, Mr. Reginald Eyre, new shipping minister, claimed that the sharp decline in the UK merchant fleet experienced since 1975 had "eased for the moment." Mr. Eyre was correct. Indeed, we believe that when statistics for 1980 are published by the Department of Trade and Lloyd's Register of Shipping they will show that UK-registered merchant tonnage actually increased by a substantial amount.

Before concluding that your Shipping Correspondent William Hall erred in his most interesting and perceptive article "Red Ensigns in the sunset" (January 17) in attributing part of the blame for Britain's shipping decline to "a lack of entrepreneurial flair" among UK shipowners, or that this deficiency has suddenly been made good, we suggest your readers should consider how last year's welcome fleet increase came about.

It was because two large overseas-owned tankers aggregating 350,000 gross tons, one large overseas-owned ore/oil carrier (transferred from Italy!) of 120,000 gross tons, and, above all, an overseas-owned fleet of 28 ships aggregating 1.1m gross tons, transferred from Bermuda, appeared on the UK register for the first time. There remains less wholly UK-owned tonnage on the UK register than at any time this century, and the proportion of UK to foreign owned must continue to fall. A number of large shipping groups here, for almost the first time since they were founded a century or more ago, have no new ships under construction or on order. Smaller, but equally long-established concerns frequently go out of the shipping business —a dozen or so in 1980 alone. The present seamen's "guerrilla war" with owners will certainly hasten our fleet's decline.

Two questions UK owners may have faced but have not answered but should now do so are these: first, why, in an international industry which has grown phenomenally in the post-war years, have UK owners performed so badly? And if operating conditions and costs under the British flag really are as burdensome as UK owners have long claimed, why have so many independent foreign owners, apart from oil companies who have substantial shore-based interests, elected to register their ships here when they could readily have registered them elsewhere with far lower operating costs, especially manning costs?

David Martin.
1-2 Rocky Lane, Rotherfield Greys, Henley-on-Thames, Oxfordshire.

Today's Events

GENERAL

UK: Mr. David Howell, Energy Secretary, opens International Association of Energy Economists seminar, Chatham House, London.

Trades Union Congress general council meets, London.

Society of Civil and Public Servants statement on industrial action over Civil Service pay.

Overseas: Sir Roy Denman, EEC Commission External Relations Director General, meets Mr. Kiyoaki Kikuchi, Japanese Foreign Affairs Deputy Minister, for trade talks, Tokyo.

Budget presented to Dail (Irish Parliament), Dublin.

PARLIAMENTARY BUSINESS

House of Commons: Supply day debate on Labour motion on increasing poverty resulting from Government policies. Judgments Enforcement (NI) Orders.

House of Lords: Short debate on British-Spanish agreement on Gibraltar, and Spain's application for EEC membership. Short debate on simplification of the English language. Licensing Amendment (Off-Licences) Bill, second reading.

Select Committees: Education, on first scrutiny of 1980-81 Parliamentary Session. Witness: Mr. Mark Carlisle, Education Secretary. Room 6, 10.30 am. Scottish, on housing, capital allocation. Witness: Mr. Malcolm Rifkind, Under Secretary for Scotland. Room 5, 10.30 am. Welsh, on Welsh language broadcasting. Witnesses: Independent Broadcasting Authority at 10.30 am, HTV at 4 pm. Room 8. Industry and Trade, on continuing costs of Concorde. Witnesses: British Aerospace, British Airways, and Rolls Royce. Room 16, 10.45 am. Energy, on industrial energy pricing. Witnesses: Mr. David Howell, Energy Secretary. Room 18, 10.45 am. Foreign, on Government's observations on fifth report from the Committee on Afghanistan—The Soviet Invasion and its consequences for British Foreign Policy. Room 15, 11 am. Social Services, on medical education. Witnesses to be announced. Room 21, 4.30 pm.

COMPANY MEETINGS

M. J. Gleeson Contractors, Haredon House, London Road, North Cheam, Sutton, Surrey, 12. Redman Heenan International, Connaught Rooms, Great Queen Street, Kingsway, WC, 12. Reliable Properties, Winchester House, 100 Old Broad Street, EC, 12.

Town & City continues to struggle at halfway

By Michael Cassell

CONTINUING HIGH interest charges prevented any first-half recovery for Town and City Properties which has been struggling to return to profits since 1974.

Pre-tax losses in the six months to September 1980 rose to £7.75m against £7.57m in the first half of the previous financial year. There is no interim dividend. The group recorded a pre-tax loss of £14.4m in 1979-80.

Mr. Jeffrey Sterling, chairman, says the interim figures represent "a reasonable performance" in the light of the present economic situation. He points out that the group has continued to be particularly hard hit by interest rates, with charges rising during the first half from £14.1m to £15.5m.

Mr. Sterling suggests that the first-half loss would have been reduced by about £2.5m if the group had not been subjected to increases in inter-bank interest rates. Group borrowings, which stood at £192m at the end of the current year, had been marginally reduced further and he hopes that this trend will continue.

Net income from Town and City's property portfolio rose — despite the continuing sales programme — from £3.1m to £4.2m, reflecting revenue from developments, reversions and reviews.

Since the publication of the annual accounts last July, the group has sold a further £19m of property with a book value of £14m. This brings the total of sales since March last year to £21m, involving a book value of £15m.

Mr. Sterling says it is not possible to forecast whether the total sales figure for the year would prove to be a repeat of last year's £48m and said that if interest rates fell further, then the need for disposals would be reduced.

He admits that sales have advanced at a faster rate than might have been desired because of the need to reduce borrowings. The group is now able to be more selective about which properties should go.

The group has now sold nearly £400m worth of properties since the end of 1974, and at the end of the last financial year its remaining portfolio had a book value of £254m.

Mr. Sterling says the group is now in a position to contemplate a more active development programme and had already started to reactivate several investment sites which had remained idle since the 1970s.

Inchcape £8m ahead but gives warning

PRE-TAX profits of international merchant, Inchcape and Company, expanded by nearly £8m from £31.16m to £39.12m for the six months ended September 30, 1980, but the directors say there is evidence that the second half will be affected by world recessionary conditions.

In the annual statement—profits for 1979-80 were £65.61m on turnover of £1.54bn—Lord Inchcape, chairman, said the group had made an excellent start in the current year with buoyant trading conditions, particularly in South East Asia and the Far East, offset to some extent by lower returns in the UK.

Although first-half net profits emerged down at £21.88m (£23.45m) after a tax charge up from an exceptionally low £7.71m to £17.24m, the directors regard the results as satisfactory.

The directors point out that but for different exchange rates, taxable profits would have been higher by some £3m. The net interim dividend is unchanged at 7.15p per £1 share, costing £5.85m, and the directors expect the total for the year to be not less than the 18.15p paid for 1979-80.

After minorities of £3.47m against £1.56m, and preference dividends of £34,000 (same), the balance attributable was £18.37m compared with £21.86m.

Turnover of motor vehicle distribution subsidiary, Mann Egerton and Company dropped from £95.56m to £80.99m, and the company suffered a pre-tax loss of £664,000 for the half year, compared with profits of £1.44m.

For the 1979-80 year, profits virtually halved to £2.19m (£4.32m).

Trading profits of the motor side, which accounts for more than 90 per cent of group turnover, was much lower in the first half due to general economic factors and to unsatisfactory sales/gross profit margins.

Results were further reduced by the considerable costs incurred by the major reorganisation and closures which have taken place.

The directors feel that the overall economic outlook is unlikely to change during the second half and the company's prospects, as a result, are not encouraging. The effect of reduced overheads and the lower level of borrowings, due to rationalisation, is beginning to show to advantage, however.

Mann Egerton Furniture incurred a substantial loss and its personnel and facilities were significantly reduced, and the two Hawtin companies traded unprofitably—as from October 1, 1980, their activities were transferred and merged with another Inchcape subsidiary.

Aronstead, manufacturer of tubular-framed garden furniture, turned in a satisfactory profit, the directors state.

Group loss was incurred after interest and display charges of £1.14m against £1.07m, but was before a tax credit of £329,000 compared with a charge of £1.26m.

The attributable loss came through at £43,000 (£149,000 profit) after an extraordinary credit of £323,000 (nil) for the period.

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ISSUE NEWS

ASDA raising £45m : profits static

Associated Dairies Group is raising £45m by way of a rights issue of 30.165m ordinary shares on the basis of one new share at 154p for every eight shares held on January 23.

The company also reported a small increase in interim pre-tax profit for the 28 weeks to November 15 to £22.8m compared with £22.5m. Turnover was £598.6m (£448m) and fully taxed earnings per share were 4.5p (4.49p). The interim dividend is raised to 1.75p from 1.5p. The new shares do not rank for the interim dividend.

Mr. A. N. Stockdale, chairman, said that "despite economic conditions, both Asda Superstores and Associated Fresh Foods continued to trade satisfactorily."

He did not offer a forecast of profit for the full year, saying that "trading conditions generally are uncertain and there are parts of the Allied Retailers business which continue to be affected by the current recession. However, your directors believe that the remainder of the group, particularly Asda Superstores, will put up a resilient performance during the second half year."

The directors have undertaken to recommend a final dividend on the enlarged capital of 2p per share which, together with the larger interim dividend, would represent an increase of 17.5 per cent for the year after taking into account last year's scrip issue.

Asda shares fell 8p on Monday amid speculation about a rights issue and fell a further 5p yesterday to 182p.

The rights issue, the first since the merger between Associated Dairies and Allied Retailers in 1978, is being made to help finance the group's planned £150m capital spending programme in the next two years, mainly on the construction of new Asda superstores and the refurbishment of existing outlets.

Currently, Asda Superstores have 15 sites in various stages of development and further planning applications are at an advanced stage. The directors believe the group can further consolidate its position as the leading superstore retailer.

An EGM is to be held on February 16 to approve a resolution to increase the company's authorised share capital. Dealings in the new shares are expected to begin in nil paid form on February 17 and the last day for acceptance is March 9.

The issue has been underwritten by Baring Brothers and Company and brokers to the issue are Scrimgeour, Kemp-Gee and Company.

The interim report shows trading profit of £23.3m (£22.3m), net interest charges of £0.7m compared to net interest income of £0.2m and other income of £196,000 (£29,000).

Tax amounted to £11.8m (£11.7m), leaving net profits of £10.9m (£10.8m). There was a credit on minorities of £11,000 compared to a charge of £2,000. Extraordinary charges on the rationalisation of Williams Furniture have not been accounted in the interim results but will appear in the final figures.

Profit available was £10.9m (£10.8m) of which £93,000 (same) was absorbed by preference dividends.

The company says that it will be in no worse position under the new regulations for calculation of stock relief in respect of 1980-81 results.

The chairman said the integration of Williams Furniture Stores into Allied Carpets Stores and Wades Departmental Stores resulted in significant trading losses during the first half. The integration programme is expected to be complete by August, 1981.

Losses were also incurred at Ukay Furnishing Centres mainly because of pre-operating expenses of Box, Rayleigh and Olympia stores together with the trading losses at Bow and Rayleigh which are normally experienced in an initial trading period. The impact of new openings on Ukay will be less severe in the second half.

Wades Departmental Stores' position in the furniture trade was one of the factors leading to an increase in sales together with a maintenance of margins.

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Yearlings unchanged at $13\frac{3}{8}$%

The interest rate for this week's issue of local authority bonds is $13\frac{3}{8}$ per cent, unchanged for last week. The bonds are issued at par and are redeemable on February 3, 1982.

A full list of issues will be published in tomorrow's edition.

Oil specialist trust launched

SUBSCRIPTIONS ARE being invited for shares in a new investment trust, New Darien Oil Trust, that is to specialise in investing in smaller quoted North American companies engaged in oil and gas exploration and production.

The offer consists of 10m ordinary shares at 100p a share, including warrants for the purchase of one additional share at 100p for every 10 held between 1982 and 1988.

Phillips and Drew, brokers to the issue, are placing 5m of the shares with their clients and Barclays Merchant Bank has underwritten the remainder.

The offer closes on February 3.

The trust will be managed by a new company, Hodgson Martin, of which Mr. Allan Hodgson and Mr. Richard Martin are executive directors. Mr. Hodgson has been joint investment secretary of Scottish Widows' Fund and Life Assurance Society. Mr. Martin is a petroleum economist. He has been consulting in the past four years mainly to Sonatrach, the Algerian national petroleum company.

In addition to Mr. Hodgson, the directors of New Darien include Mr. David Birrell, a solicitor, Mr. Arthur Nedom, president of Weeks Petroleum and Mr. Norman Lessels, the chairman, who is a partner in Chiene and Hall, chartered accountants.

The fund will initially invest mainly in U.S. companies because it expects they will benefit from government policies aimed at de-regulating petroleum prices.

Since initial income is likely to be small, it is not anticipated that New Darien will pay other than minimal dividends in the early years. The trust qualifies for approval as an investment trust under the Income and Corporation Taxes Act 1970 and as an investment company as defined in the Companies Act 1980.

SPO in £0.5m rights issue

SPO Minerals Company, which came to the Stock Exchange's Rule 163(2) market last June by way of a £1.1m placing to finance a barytes processing plant in Derbyshire, is raising £0.5m by means of a rights issue to complete the purchase of the business and certain assets of Doe Lea Colliery Company.

The issue is on the basis of one new ordinary share at 105p for every four held on January 13.

Doe Lea is said to be one of the larger private coal mines in the UK, operating under licence from the National Coal Board. It is situated in the North Derbyshire Coalfield, 20 miles from SPO's Golconda Mill.

The consideration for Doe Lea is £373,000 and the remaining issue proceeds are to be used to contribute to the working capital of the colliery.

Within the existing licence area, resources of 345,150 tonnes of coal have been identified. The current minimum extraction rate is 40 per cent. Present coal output is 16,000 tonnes per annum, but SPO intends to raise it to more than 20,000 tonnes by October, 1981.

The directors say the acquisition will enable the payment of dividends to begin sooner than had been foreseen.

SPO also reported that on January 21 it agreed to sell its 125,000 £1 shares in Carnon Consolidated Tin Mines to RTZ United Kingdom Holdings for £187,500.

The directors of SPO, who together hold 16.6 per cent of the shares, have undertaken to take up their rights entitlement in full. The remaining 83.4 per cent has been underwritten by Grindlay Brandts. Carr, Shebag and Co. are brokers to the issue. The last day for acceptances is February 20.

SPAIN

January 27	Price %	+ or −
Banco Bilbao	263	−2
Banco Central	304	−4
Banco Exterior	248	−2
Banco Hispano	254	−6
Banco Ind. Cat.	122	+1
Banco Madrid	141	
Banco Santander	309	−1
Banco Urquijo	148	−5
Banco Vizcaya	279	−4
Banco Zaragoza	217	
Dragados	106	+4
Espanola Zinc	45	
Fecsa	57.7	
Gal. Preciados	29	+2
Hidrola	65.7	−0.5
Iberduero	59.2	−1.5
Petroleos	87	+0.5
Petroliber	75	
Sogefisa	102	
Telefonica	60	−1
Union Elec.	62.5	−0.5

Placing worth over £3m says Calais Res.

Calais Resources, the Canadian oil exploration company which last month offered 10m shares at C$1 each, announced the completion of its placing yesterday and said the offer will be worth C$9.2m (£3.2m) after deducting commission and offering expenses.

Mr. Barry Conway, vice-president of Dominion Securities, Calais' broker, said the shares were placed with individual and institutional investors in London, on the Continent, Hong Kong and Canada. He said the offer had been oversubscribed "one and a half to two times."

Mr. Conway added that the original plan had been to place half of the shares in the UK, but this had been cut down to 15 per cent. He explained that because of "Press comment on these issues generally, there was better interest on the Continent than in London."

Merrydown joins Unlisted Secs. Market

Latest company to join the Stock Exchange's Unlisted Securities Market is Merrydown Wine Company, the Sussex vintage cider and mead producer.

Merrydown started trading under the 163 rule in 1977 when stockbrokers Pidgeon de Smitt placed some 26 per cent of the ordinary equity with the Trustees Corporation. At present, Merrydown has around 300 shareholders though the number of dealings which have taken place under 163 have been modest. Currently the shares are priced around 30p.

Profits in the year to last March amounted to £101,151 pre-tax on sales of £3.9m but the latest half-year figures reported earlier in January showed a sharp setback.

In the six months to September 30, 1980, trading profits were reported down from £125,260 to £76,332 on turnover of £1.71m (£1.46m). However after higher interest charges of £83,818 there was a £7,486 loss before tax against a £64,701 profit.

It was revealed yesterday by Mr. Ian Howie, chairman, that the half-year figures were struck after a £35,000 provision relating to closure of peripheral activities of the vineyard section.

He reaffirmed yesterday that the final results for the year will show the company in profit. Also results from the test marketing of vintage cider in the U.S. was encouraging, he said.

MFI drops to £5m as Status is integrated

THE COSTS of integrating the Status discount stores, coupled with a big interest charge, brought the pre-tax profits of MFI Furniture Group down from £8.06m to £4.97m for the half-year to November 29, 1980.

An increase in sales from £56.12m to £90.05m arose from the enlarged branch trading area.

The directors say overhead expenses have increased under pressure from inflation, and the present consumer climate "does not allow an optimistic view" of the group's trading profit for the second half. Steps are being taken to reduce expenditure levels without affecting sales efficiency, expansion and standards of service.

At the last annual meeting, the chairman warned that the first-half figures would be affected by high interest rates—the charge was £1.4m (nil)—and the costs of integrating Status. The programme is expected to be complete by May this year, when the company will be trading in many new areas. Fifteen Status stores have been closed which were unprofitable or surplus to group requirements.

The directors state that the group has continued to follow an aggressive policy aimed at increasing its market share. This has been achieved, but the market has contracted slightly. Priority has been given to maintaining selling prices.

The tax bill for the first half was considerably lower at £1.65m (£3.02m), leaving earnings per 10p share of 2p (3.8p). The attributable profit was £3.69m (£5.04m) after an extraordinary credit of £372,000 (nil).

The interim dividend will be maintained at 1.1p net. Last year's total was 4.12p, including a special payment of 3p and after adjustment for a one-for-[illegible] scrip issue, from pre-tax pro[fits] of £16.77m (£13.98m).

The directors say the N[ew] Year sale promotion began [on] Boxing Day and trading has be[en] successful.

In view of the group's inte[n]tion to maintain its capital [ex]penditure programme with low borrowings the Board is c[on]sidering funding a wareho[use] development in Northampton [on] a sale and leaseback basis.

● comment

MFI has suffered a considera[ble] reverse in its first half—wo[rse] than anybody had expected—[and] the market responded yesterd[ay] by taking nearly 18 per cent [off] the share price, which finish[ed] 11p lower on 51p. Sales ha[ve] expanded, but not as fast as t[he] group's square-footage whi[ch,] taking Status and MFI's n[ew] stores into account, will ha[ve] grown by 67 per cent in the ye[ar] to May. Pre-tax margins ha[ve] fallen by more than 60 per cen[t] as prices have been held dow[n] in the attempt to secure sal[es] volume sufficient to justify th[e] higher overheads. In the even[t] £90m of sales from the combine[d] MFI and Status chains has not been enough, and earnings per share were virtually halved. Bank debt reached £18.3m [in] November; the total is no[w] slightly lower, but the conclusio[n] of a lucrative purchase/sale leaseback deal on the Northam[p]ton warehouse will be needed [if] borrowings are to be pulled ba[ck] towards pre-Status levels. [A] general revival of demand migh[t] quickly see profits catching up with floor-space, but MFI is not optimistic about the remainder of this year. £11m pre-tax may prove hard to beat (against £16.8m), and suggests a fully taxed p/e approaching 16. The historic yield is 7.5 per cent.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Bertrams		Nil	—	Nil	Nil	1
Daejan	int.	1.23	Mar. 20	1.23	—	3.3
Eurotherm Intl.		3	—	3	4.5	4.5
Glass Glover		1.6	April 1	1.43	2.1	1.85
Hambro Trust	int.	1.35	Mar. 11	1	—	3.52
Inchcape	int.	7.15	April 2	7.15	‡	18.15
MFI Furniture	int.	1.1	April 2	1.1	—	4.12*
MIM Holdings	int.	8§	—	9.6*	—	27.6*
Benjamin Priest	int.	1.69	Mar. 27	1.69	—	6.79
Stewart Plastics	int.	1.02	Mar. 2	1.02	—	1.74
Vantage Secs.		0.75	Mar. 25	0.65	1	0.9
Zetters Group	int.	0.85	April 11	0.75	—	2.5

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Total forecast of at least 18.15p. § Australian cents throughout.

Reed Intl. 47% off at nine months

THIRD-QUARTER taxable profits of **Reed International** tumbled *from £29.9m to £15.1m leaving* the nine months' figure to end-December some 47 per cent lower at £42.1m, compared with £80m.

On current cost basis, pre-tax profits for the nine months came out at £13.9m, against £49.3m, including a gearing adjustment of £7.3m (£9.1m).

Total sales for the period were marginally down at £1.09bn *(£1.11bn) of which £838.4m* (£819.7m) related to the UK and exports, with the balance of £251.7m (£293.4m) overseas.

The group's interests cover paper, paperboard, packaging, printing, publishing, wallcoverings and building products.

Historic cost trading profits dropped from £87.5m to £45.6m, before a higher share from associates of £2.7m (£2.3m). UK profits fell sharply from £60.9m to £24.9m, although the reduction overseas was less marked at £23.4m (£28.9m). Interest charges fell from £9.8m to £6.2m.

Tax took £13.2m (£28.6m) with UK tax much lower at £3.8m (£20.9m) but overseas tax higher at £9.4m (£7.7m). After minorities, attributable profits emerged at £28.3m, compared with £50.5m. Earnings per £1 share declined from 45.1p to 25.2p.

So far this year, the interim dividend has been maintained at 4p net — the 1979-80 total was 13p on pre-tax profits of £115.3m.

Lex, Back Page

Stewart Plastics up 19% to £1.26m

A RISE of 19.37 per cent in pre-tax profits from £1.06m to £1.26m is reported by Stewart Plastics for the six months to October 31, 1980.

On turnover of £4.17m *(£4.25m), the company, which* manufactures plastic articles for domestic, horticultural and industrial use, made trading profits of £894,708 (£796,350).

A profit of £6,380 was made on the disposal of fixed assets, against a loss of £103,000 last time. Interest receivable added £361,521 (£261,515).

The tax charge is estimated at £600,000 (£437,100), giving *profits after taxation of* £662,609 (£620,662). The interim dividend will be maintained at 1.0204p, absorbing £115,997 (same). Dividends waived amounted to £24,253 (nil), leaving retained profits of £570,865 (£501,215). Last year's total dividend was 1.7424p, paid from pre-tax profits of £2.27m (£2.1m).

Eurotherm down after overseas setbacks

DUE mainly to setbacks in France and the U.S., taxable profits of Eurotherm International, electronic equipment manufacturer, have fallen from £2.92m to £2.41m for the year ended October 31, 1980, on turnover of £24.83m against £21.66m.

At half-way — profits were £930,000 (£1.15m) — the directors said the company had entered the second half with a substantial order backlog, and they believed the period would yield results comparable to those of 1978/79. In the event the surplus dropped from £1.77m to £1.48m.

Mr. J. A. Hartnett, chairman, says that because of trading conditions, a buoyant forecast at this time would be misplaced. "Equally, the management sees no cause for pessimism as the development programme continues to bear fruit and the enthusiasm of our sales teams is undiminished," he states.

Yearly earnings per 10p share are shown to be down at 14.84p (18.24p) but the dividend is maintained at 4.5p net with an unchanged final payment of 3p.

Mr. Hartnett explains that all four UK operating companies performed well but factors which led to an overall decrease in profits occurred in France and the U.S.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims — Amalgamated Distilled Products, Associated Dairies, D. F. Bevan, Calcutta Electric Supply Corporation (India), Louis Newmark, Scottish English and European Textiles.

Finals—Edinburgh American Assets Trust, Scottish American Investment, Throgmorton Trust.

FUTURE DATES

Interims—

Armour Trust	Jan. 30
English Association	Feb. 19
Ferry Pickering	Mar. 30
Haynes Publishing	Jan. 30

Finals—

Allied Textile	Jan. 29
City Offices	Feb. 10
Lonsdale Universal	Jan. 29

Apart from being severely affected by strong sterling, Eurotherm Corp. of the U.S., suffered technical problems with its new EMI product, which was not overcome until late in the year, with the result that the volume of shipments was adversely affected.

It was also necessary to improve margins at Chessell Corp. by manufacturing the product in the U.S., sourcing components locally. The organisational changes for this are now in hand, the chairman says.

In France, the cost of disposing of the domestic electric heating control division proved higher than expected and an unsatisfactory order intake in the Eurotherm sector made further changes and costly redundancies necessary. "The net result is that France became a significant cause of the group's downturn in profitability," Mr. Hartnett states.

Elsewhere overseas, *all* companies made positive progress, particularly in Italy.

There was no weakening, however, of the group's resolve to invest for future growth, the chairman says, and a number of products are emerging from development for sale this year. The major expenditure for these occurred in 1979 and by the year end group borrowings had been reduced by £600,000 to £3.3m.

Trading profits were unchanged at £3.37m, but the pre-tax figure was struck after higher interest of £775,000, against £378,000, and exchange losses up from £68,000 to £184,000.

After tax, £692,000 (£815,000), minorities £20,000 (£21,000), and dividends £460,000 (£454,000), the amount retained came through at £1.23m compared with £1.6m.

Mr. Hartnett is retiring as chairman after the annual meeting, but will remain as a director. He will be succeeded by Mr. J. L. Leonard.

comment

With a rise of 18p yesterday to 248p, the market is re-affirming its confidence in Eurotherm's ability to return to a growth tack. The fully taxed historic p/e is back amid the peaks at over 24 and the yield of 2.6 per cent hardly counts. The target it must aim for, allowing for the effect of currency translation in the last two years, is a pre-tax profit about £3.1m. On paper, that target is by no means impossible: sterling's strength has trimmed profits by some £500,000 in the last year alone. Losses at Chessell Corporation ran out at £50,000, which should be recovered as margins respond to U.S. component sourcing. Profits from Eurotherm Corporation slumped by around £200,000 but the problems in the new "Extrusion Master" now appear to have been solved. Losses in France, too, climbed to £300,000 but after heavy redundancy costs and management changes the group is saying that its problems in France are now under control. It recognises, of course, that it has given these assurances before and subsequently revised them and there should be a caveat, perhaps, that brushfires can break out in the course of new product and geographical development.

Zetters expects static year

Taxable profits of Zetters Group, football pool, bingo and cinema operator, went ahead from £614,891 to £736,614 in the six months to September 30, 1980.

However the directors do not expect the full-year's profit to be materially different from the £1.54m reported for 1979-80.

They say almost the whole of the first-half increase in profit was attributable to the pools *division. Bingo was adversely* affected by the recession in the latter part of the period so that profits from this source showed no change compared with the corresponding half. While bingo trading is still not satisfactory, there are signs that admissions to clubs are improving, they add.

The net interim dividend is lifted from 0.75p to 0.85p.

Gross stakes received in the football pools division rose to £9.41m (£8.25m), of which payments to pools winners and betting tax accounted for £6.12m (£5.39m).

Bingo, hotels and cinemas turnover was ahead at £2.6m (£2.25m). Total group turnover amounted to £5.89m (£5.1m).

After tax of £383,000 (£320,000), first-half earnings *per 5p share rose from 4.5p to* 5.39p.

Record year for Glass Glover

PROFITS BEFORE tax of Glass, Glover Group improved in the 12 months to end-September, 1980, from £533,461 to a record £658,853—a rise of almost 24 per cent. Sales for the period advanced by over £7m to £37.64m, also a record.

The net total dividend is being stepped up from 1.85p to 2.1p with a final of 1.6p.

At mid-year, when announcing profits ahead at £211,279 (£174,223), the directors predicted that second-half profits would exceed those of the previous year. In fact, profits for the period were almost £90,000 higher at £447,574.

The directors say a good first half was followed by an exceptional third quarter when turnover and profitability of all trading companies was substantially in excess of forecast. The fourth quarter also started well, but a sudden downturn in trade made it clear that the group was not immune to the economic situation.

These duller conditions have continued into the current year, but recent trading is in line with expectations and the directors expect profits for the first half to exceed last time's.

Prospects for the remainder of the year are also good, and while the directors cannot be complacent in the present economic climate, they antici*pate satisfactory results for the* year as a whole.

The surplus for the 12 months included interest on deposits less overdraft and loan interest of £8,006 (£6,039 charge).

Tax took £361,864 (£286,944), leaving stated earnings per 5p share higher at 5.2798p (4.3825p).

Glass, Glover Group is a holding company with interests in food distribution and the importing of fresh fruit and vegetables.

	1980 £	1979 £
Turnover	37.64m	30.45m
Trading profit	650,847	539,500
Interest on deposits less overdrafts and loan interest	8,006	†6,039
Pre-tax profit	658,853	533,461
Tax	361,864	286,944
Net profit	296,989	246,517
Retained	178,864	142,454

† Deficit.

137 companies compulsorily wound up

COMPULSORY winding up orders against 137 companies were made by Mr. Justice Nourse in the High Court. They were: Omega Engineering Company, Davis Bros. (W. and S.), Blackwater and District Constitutional Club, Richard J. Faint, Renmill, Kaynic Foods, E. H. Segal (Textiles), L. and G. Sterne and Associates International, Idaridge.

Chebbing, Tweedwise, L. S. P. Tankers Corporation, Unique Health Foods Industries (UK), P. G. Pereira Design, The Co-Ordinators (Promotional Planning), KFS (Plastics), Neta Engineering, Mathsand Manufacturing Company.

Melyndor, Jalinglen, RGBKE Industrial Services, S. L. Contracts Cleaners, Weston Corkscrew Wholesale, Cooper Banks and Co., Romerich, Arosa Tours, Permaprints, Autobray.

B. D. Altruck Equipment, Superstat, Tajico (Supermarkets), Sanwheels, ABL Electrics Company, Walkern Motor Company, Tarriton, Quadway, S. H. Welch.

Rational Building Components, New Dawn Components, Anthony Laurence Credit Supply, Machinery Removal Services, Trandsilla, Caville Construction.

ROS Contractors (Heating), Poly Investments and Developments, Poole Quay Yachts (Brokers), Everett Haulage, Delcon Designs, Lashbury, Milray Construction Company.

M. Beckler and Co. Clothing Manufacturers (London), Nottsbridge, Wardover, Partystar, Television Radio Electrical Services Co., John Sanderson (Fashions), Distinction Developments, Farncliff.

Comper Data Processing (UK), Creelworth, Elan Swimming Pools, Environmental Building Maintenance, B. I. Management Services, G. D. Williams Freight, Albor Ne-Ma Haarlem, John C. Pyle, Taplin and Hamilton, Landway Properties (London).

The American Bagel Factory, Value Furniture Stores, Britella, M. and E. Conroy (Widnes), L. Jagger and Partners, Delano Yarns, Ketley Birch.

Hampton House Productions, Peal Furniture Company, Arabian Export Services, Snowtight, Brindley Handtools, AR Shopfitters.

Devon and Torbay Refrigeration Company, Hynepalm, Up The Junction, Self-Help Camping, Hampstead Wine Company, JW (Brokers), Ian E. Owen (Wholesale Jeweller), D. A. Walker and Son, T. Obaditch, Huntley Decorators, Finecare, Beamline.

Angel Underwear Company, Horwich Development Company, Lanquest, Pegadell, The Tushingham Metallic Brick Company, Tedstore, Trafalgar Cleaning Services (1976).

Transcontinental Sports Agency, Loxstow, Belmont Garage (Liverpool), PAD Engineers (Leeds), PVO (Scaffolding and Construction) Contractors, Shinnobon, Blythpalm.

Decadale, M and T Records, Cossack Securities, Lowceil, Thormead Construction, Bridgeshourne, Crolhurst, Aspinall Metals (Merseyside), Charles Foss and Sons, Sinkstar, Rainmill.

Reedwhyte, Wallcovering and Fabrics, Skidmarks, Syd Lawrence Special Cars, Burns Autos, Unicorn Freight Services, Acorn Sporting Publications, Paton Calvert and Co.

Ellgrove, Titlechoice, JNG Management Agencies, Paul Wentworth (Electronics), Crankelimpa, Londonross, Altala, Meadows and Co. (Builders and Decorators), Wolvercote Mill, Leedscliff, Brincombe.

Computers coming at Associated Newspapers

The long-term interests and continuity of employment of **Associated Newspapers Group** staff can be protected only by whole-hearted enthusiasm to make use of new technology, warns Viscount Rothermere, chairman, in his annual statement.

It will become necessary to make a major investment in computerised plant and purpose-built accommodation during the next few years, when the group's national newspaper plant will be reaching the end of its economic life, he states.

As reported on January 10, group pre-tax profits slipped from £23.89m to £22.55m in the year to September 30, 1980, but there was a loss at the attributable level of £6.56m (£12.7m profit) after extraordinary debits of £17.7m (£583,000 credits), relating mainly to closure costs of the Evening News.

Shareholders' funds were down *from £83.06m to £34.31m after* a £9.72m transfer to the profit and loss side. Bank overdrafts stood at £697,000 (£735,000) and cash £7.26m (£3.05m).

Profits from North Sea oil interests jumped 82 per cent, from £2.8m to £6.4m during the year. The Argyll Field is recognised to be of limited duration, says Lord Rothermere, but recent exploratory drilling on a separate structure to the west has established the presence of further reserves which may extend the field's life.

The group has a number of interests in North Sea oil licences which may prove to be of significant value, he adds, but it will be some time before they produce a positive cash flow and significant sums will be required *for their development.*

Meeting, Stationers' Hall, EC, February 16 at 10.30 am.

ALTON BOX BOARD

Jefferson Smurfit Group owns 80 per cent of **Alton Box Board Company**, and not 51 per cent as stated in yesterday's issue.

Benjamin Priest profits slump and lower final forecast

TAXABLE profits of **Benjamin Priest and Sons (Holdings)** plunged from £1.2m to only £40,000 for the half year to September 20, 1980 and Mr. Charles Wardle, the chairman, warns that it is impossible to be optimistic about prospects for the remainder of the year, or even the early months of next year.

Although Mr. Wardle is confident that the overall strategy of this industrial holding group will result in the best performance that present depressed *conditions allow, he says second-half* results may reflect a further deterioration in the state of trade.

The interim dividend is being held at 1.694p net per 25p share, but a reduced final is forecast. The chairman explains that unless there are definite signs of a sustained upturn by the time the final is considered, it would not be prudent to recom*mend a total of more than half* last year's 6.794p, paid from record £3.18m pre-tax profits.

Turnover for the first half of the current year was little changed at £21.95m, against £22.02m. Interest charges reduced profits by £593,000 (£378,000) but no tax is payable, compared with a charge of £332,000 last time.

Responding to the impact of the recession the group has either taken or embarked upon a number of steps. These have included a net reduction of 16 per cent in total numbers employed during the 1980 calendar year.

In addition, the group's two medium range presswork companies—Priest Jackson Pressings and W. H. Homer—have been *merged to permit greater* economy and efficiency, while its drop forging businesses have been integrated under the management of Thos. B. Wellings.

G. E. Bissell and M. E. W. (Torbay), two group companies making special fasteners and tension pins, have been amalgamated, and the group's has been centralised materials handling sales force.

Also, a part of GKN's automotive fastener business has been transferred to Wayne Wright Engineering. The chairman comments that from 1982 onwards, this will greatly extend the range and volume of Wayne Wright's special components for existing customers without significantly increasing overheads.

The group is disposing of properties surplus to foreseeable requirements.

Continued emphasis is being put on cash flow controls enabling the group to reduce borrowings.

comment

Benjamin Priest is making no claims for an improved second half. Unlike certain West Midlands neighbours purporting to have seen the end of de-stocking, but at best it can present a reasonably coherent dividend policy. Its projections imply a yield of 11.2 per cent at 44p, down 7p yesterday, which should not require that much correction if its fears are realised. Faced with recession on a massive scale Priest, like others, has had to strike a delicate balance between temporary and permanent retrenchment. Redundancy costs of £500,000 have been taken above the line and a number of the group's core operations have been merged and compressed. In the meantime, cash has been conserved and the balance sheet is historically strong. But Priest is by no means certain that the previous relationship between, say, original equipment manufacturers and their suppliers will ever be fully restored when the economic clamps are released which gives the shares little option other than to drift until the strength and shape of the eventual recovery can be predicted.

Reed International Limited

Consolidated Profit Statement for the 9 months ended 31st December 1980

Historic Cost 3 Months Ended 31.12.79 £ million (unaudited)	Historic Cost 3 Months Ended 31.12.80 £ million (unaudited)		Historic Cost 9 Months Ended 31.12.80 £ million (unaudited)	Historic Cost 9 Months Ended 31.12.79 £ million (unaudited)	Current Cost 9 Months Ended 31.12.80 £ million (unaudited)	Current Cost 9 Months Ended 31.12.79 £ million (unaudited)
385.0	373.6	SALES	1090.1	1113.1	1090.1	1113.1
286.9	293.4	United Kingdom and Exports	838.4	819.7	838.4	819.7
98.1	80.2	Overseas	251.7	293.4	251.7	293.4
32.2	18.0	TRADING PROFIT	45.6	87.5	10.5	48.0
0.6	(0.1)	SHARE OF PROFITS OF ASSOCIATED COMPANIES	2.7	2.3	2.3	2.0
32.8	17.9	OPERATING PROFIT/(LOSS)	48.3	89.8	12.8	50.0
22.5	11.8	United Kingdom	24.9	60.9	(3.1)	32.6
10.3	6.1	Overseas	23.4	28.9	15.9	17.4
(2.9)	(2.8)	INTEREST	(6.2)	(9.8)	(6.2)	(9.8)
—	—	GEARING ADJUSTMENT	—	—	7.3	9.1
29.9	15.1	PROFIT BEFORE TAXATION	42.1	80.0	13.9	49.3
(11.9)	(4.9)	TAXATION	(13.2)	(28.6)	(13.2)	(28.6)
(8.4)	(1.7)	United Kingdom	(3.8)	(20.9)	(3.8)	(20.9)
(3.5)	(3.2)	Overseas	(9.4)	(7.7)	(9.4)	(7.7)
18.0	10.2	PROFIT AFTER TAXATION	28.9	51.4	0.7	20.7
(0.2)	—	OUTSIDE SHAREHOLDERS' INTERESTS	(0.6)	(0.9)	(0.6)	(0.9)
17.8	10.2	PROFIT ATTRIBUTABLE TO SHAREHOLDERS	28.3	50.5	0.1	19.8
15.9p	9.1p	EARNINGS PER ORDINARY SHARE OF £1	25.2p	45.1p	0.1p	17.5p

REED INTERNATIONAL LIMITED REED HOUSE 83 PICCADILLY LONDON W1A 1EJ

BIDS AND DEALS

SOUTH AFRICAN BEHIND MYSTERY BUYER

Kangra into the open with Renwick bid

BY ALAN FRIEDMAN

THE month-long mystery of Kangra International, the Hong Kong company which has been building up its stake in motor and fuel distributor Renwick, ended yesterday when Kangra annouced that it now holds 50.9 per cent of Renwick voting shares and is making a full-scale bid at 85p per share for the remaining capital.

The bid values the entire share capital of Renwick at at £7.6m and is 20p higher than the agreed offer which AAH abandoned this month. Stockbrokers A. J. Bekhor, acting for Kangra, disclosed that the company had purchased on Monday a further 2.2m ordinary shares of Renwick at 85p, bringing its stake above the 50 per cent level.

It was revealed yesterday that the man behind Kangra is Mr. Graham Beck, a South African businessman who owns a number of coal and anthracite mines and controls, among his interests, a departmental store group and transport activities.

Mr. Beck, who in 1976 settled a lawsuit against Lonrho and its chairman Mr. "Tiny" Rowland over disputed copper mine holdings, met directors of Renwick on Monday. Renwick directors, acting on the advice of Samuel Montagu, decided to recommend the acceptance of Mr. Beck's offer. Mr. Kenneth Holmes, chief executive of Renwick, yesterday expressed "considerable relief that the uncertainty is now over." He said that A. J. Bekhor had confirmed that Mr. Beck had the resources to finance the acquisition and that various assurances had been given that Renwick employees and executives would be protected.

Mr. Holmes said that on Monday Kangra bought the 22.5 per cent shareholding in Renwick which had been held by nominees of the Uto Bank of Zurich, also a client of A. J. Bekhor.

"I do not believe there was any acting in concert between Uto Bank and Kangra," he added. "Both parties were linked to Mr. Bekhor, but I don't believe they were linked to each other." Mr. Holmes said that Renwick directors had recently their personal holdings from 7½ per cent to 3 per cent and planned to accept the Kangra offer.

The remaining large stake in Renwick is AAH's 11 per cent, a block which the company decided to retain after it allowed its £5.8m bid for Renwick to lapse on January 6. Mr. Bill Pybus, chairman of AAH, said he was still disappointed about the failed bid, but hte would seek talks with Mr. Beck about Western Fuel, the company in which Renwick holds 50 per cent and AAH 25 per cent.

Mr. Graham Walsh, director-general of the Takeover Panel, said last night that the Kangra bid announcement complied with the Takeover Code. "There is no evidence to indicate the parties were acting in concert," he said.

Renwick's share price, which was suspended on Monday at 77p, yesterday rose to 85p, the offer price. In addition to the ordinary share offer, Kangra is also making offers at £2.61½ for each 10 per cent convertible preference share and £1.09 for each 4.9 per cent convertible preference share. These are based on the conversion right at 85p per ordinary share.

The offer documents of which are to be posted in about 21 days, will be subject to the condition that the acquisition of Renwick shares will not be referred to the Monopolies and Mergers Commission.

Bahco may raise Ridgway offer

Bahco, the Swedish industrial group, may raise its £4.13m cash bid for Record Ridgway if renewed talks with the Sheffield hand tools maker prove successful.

Ridgway and its financial advisers, S. G. Warburg, said yesterday: "Discussions are taking place which may lead to a higher offer from Bahco."

Bahco has offered 37p a share, a price which the Ridgway board has described as too low, though it sees benefits from joining Bahco.

A further announcement is expected today, and Ridgway's shareholders are meanwhile being advised to take no action on Bahco's offer which reaches its second closing date on Friday.

Ridgway's shares, only 20p before Bahco's bid in December, gained 6p yesterday to close at 43p. Those of W. Tyzack, Sons and Turner, the light engineering and tool company in which Ridgway owns 25 per cent, were 4p higher at 36p.

Market sources felt that Bahco would need to offer more than 40p a share to secure the Ridgway board's agreement. "Anything less than that would be a waste of time," said Mr. Paul Jackson, Ridgway's finance director.

At the first closing date, Bahco had received acceptances of only 19.3 per cent on top of the 10.4 per cent of Ridgway's shares it had bought in the market.

Ridgway, which made a pre-tax loss of £262,000 in its last financial year to end-September, 1980, also received an approach from a possible foreign counter bidder, though no firm offer emerged.

0.9% accept Hanson offer for CMT

When Hanson Trust's offer for CMT reached its second expiry date on Monday, acceptances had been received in respect of 240,234 shares, 0.9 per cent.

Hanson said that in view of the CMT announcement on December 3 of an approach from Caparo Group, shareholders in CMT were clearly in some doubt as to how they should proceed. As Caparo will have to make its intentions clear within the next week or so, Hanson feels that it is right to extend its own offer until 3 pm on Friday, February 13.

Discussions are continuing between the advisers of Caparo and those of CMT, with the objective of reaching agreement on an offer which the directors of CMT would be prepared to recommend to their shareholders.

BROOKE BOND/ MALLINSON DENNY

The offer by Brooke Bond Liebig for Mallinson Denny has become fully unconditional and remains open until further notice. Acceptances have been received in respect of the equivalent to 50,572,015 ordinary shares (94.97 per cent for which offer was made) and in respect of 1,689,840 preference (91.15 per cent). The balance will be acquired compulsorily.

SUMRIE CLOTHES

Mr. Harvey Michael Ross has increased his holding in Sumrie Clothes to 150,000 shares (6 per cent).

KCA buys 51% of Baron Inc.

KCA, the oil servicing and contracting group, has taken a 51 per cent interest in Baron Company Inc., a Texas oil and gas development and production company.

It is paying $1m for its stake and investing a further $7m of equity in the company, which will spearhead its U.S. expansion programme. The company will be renamed KAC Baron Inc. KCA, which is integrating its U.S. drilling operations (two rigs in north Dakota and Montana) and its mud and mineral interests into the new company, has an option to buy "substantially full" ownership of Baron.

Baron, a relatively young company, was set up by Mr. John Taylor five years ago. Last November, its business was substantially increased when it bought oil and gas acreage. Mr. Taylor said in London yesterday that he had sold the stake in his company relatively cheaply because it had grown as far as it could without outside financial assistance.

Baron's assets at June 30, 1980 (adjusted to take into account the purchase of further reserves in November, 1980) were $44m and the net assets on the basis of reserve recognition accounting were $26m. It has reserves of 543,000 MCF of gas and 3,723,000 barrels of oil. KCA estimates that over the next eight years the reserves will yield $118.2m in gross revenues.

KCA is financing its investment by drawing on part of its $58m loan facility from the Royal Bank of Canada.

Mr. Paul Bristol, KCA's chairman, said yesterday that the acquisition of Baron and the amalgamation of KCA's American interests into the one company is a further important step towards KCA's ambition of becoming an oil and gas finance house with a wide spread of geographic and functional interests. He said it was still the long-term intention to get a quotation for KCA's U.S. operations at some stage.

The oil and gas reserves of KCA Baron will be developed to fund the expansion of Baron's already significant prduction, Mr. Bristol added. Earnings of the new group will be used to purchase rigs for use on KCA's own development programmes.

Mr. Taylor, who will be president of KCA Baron Inc., retains a 37 per cent interest in the company. Other executives and associates own the rest. Mr. Taylor was introduced to KCA through a Houston investment house.

At the time of its £12m rights issue last November, KCA forecast that its pre-tax profits for the year to December 1980, would be £3.5m.

Dundonian expands with Planned Savings deal

BY ERIC SHORT

Dundonian, the property development, natural resources and public services group, is expanding its financial and insurance interests by acquiring Planned Savings (Holdings), an unquoted investment and management services company.

The immediate consideration is £1m, payable £350,000 in cash and 812,500 new ordinary shares of 20p in Dundonian at an issued price of 80p per share.

Planned Savings (Holdings) was founded five years ago by Mr. Bob Morrison. He is the majority shareholder with over 70 per cent of the equity. The company offers investment and other management services to a variety of clients, including pension funds, trusts, private clients and life companies. It manages the UK life fund of the Dutch insurance group Ennia.

At present the group also owns the life company Planned Savings Life Assurance, and manages the Family Assurance Society, a registered friendly society. But the present shareholders are acquiring the life company for £200,000 cash, prior to the acquisition. However, the holding company will still be responsible for the full management of the life company and the friendly society under a service agreement.

The consolidated net assets of Planned Savings (Holdings) at the end of December 1980 amounted to £850,000, and the net profit for 1980 was £105,000. The acquisition will create a stronger financial services division within Dundonian, with funds under management of more than £25m. Dundonian considers there is scope for substantial growth in Planned Savings, including the launch of a unit trust operation.

If the performance targets of Planned Savings Life and Family Assurance are exceeded over the next two and a half years, an additional consideration will be paid to shareholders of Planned Savings consisting of 1m ordinary shares in Dundonian at the then current price. This will be paid if premiums over the period January 1, 1981 to April 30, 1983 exceed an average annual rate of £13.5m.

Following the acquisition, Mr. Morrison will hold 590,479 ordinary shares in Dundonian—4.95 per cent of the equity.

MINING NEWS

S. African gold output falls to 20-year low

BY KENNETH MARSTON, MINING EDITOR

SOUTH AFRICA'S gold output last year was the lowest in two decades, according to figures released yesterday by the chamber of mines in Johannesburg, reports Bernard Simon. As a result of the high bullion price however, the country's earnings from gold reached a new record.

The mines' gold production totalled 21.7m troy ounces, or 674 tonnes, in 1980, compared with 22.6m ounces, or 702.8 tonnes in the previous year. Output was last below 680 tonnes in 1960. It reached a peak of 1,000.4 tonnes in 1970.

The fall in production is a direct result of the high gold price, which encourages mines to exploit low grade ores, which were considered uneconomic before the gold price began climbing rapidly 18 months ago. The average grade of ore milled by the mines last year was a fraction over 7 grammes per tonne against 8.19 grammes in 1979.

Gold production may fall still further this year, depending largely on the bullion price. According to a Chamber of Mines economist, output will total around 665 tonnes in 1981, assuming an average gold price of $650 per ounce. At an average price of $550, production will be about 670-675 tonnes.

Output is expected to start rising in 1982 as the expansion programmes launched by many mines after the gold price began shooting up are brought into operation.

The extent of production increases will depend heavily on the course of the bullion price. However, a sustained fall below $450 or so is likely to result in construction work on projects being slowed down.

South Africa's foreign exchange earnings from gold in 1980 have not yet been published, but preliminary estimates suggest revenues of around R10bn (£5.54bn) against just over R6bn in 1979.

This sharp increase points to the South African economy's growing dependence on gold. Last year's earnings accounted for over half of total export revenues, compared to 41 per cent in 1975 and 34 per cent in 1972.

The gold mines are now by far the treasury's most important source of tax revenues. Their tax payments in 1980 are estimated at R3.8bn, more than double the R1.7bn paid in the previous year. In London yesterday the gold price was $515.

MIM profits fall in the first half

HIGHER COSTS and sharply lower lead prices are the major factors for an 18.5 per cent fall in earnings of MIM Holdings, Australia's leading base metal producer, for the first half of its year to June 30.

The interim dividend is reduced to 8 cents (3.9p) which compares with the equivalent of 9.6 cents a year ago after allowing for the one-for-four scrip issue. On this adjusted basis the total for the year to last June works out at 27.6 cents.

After the previous record year when net profits almost doubled to A$203.5m (£100m), MIM's earnings for the 24 weeks to December 14 have fallen to A$76.5m from A$93.8m in the same period of the previous year.

Costs advanced by A$44m, the major factor being in labour charges. Copper sales rose by 14 per cent and silver prices were some 24 per cent higher in the latest half year. But this did not offset weakness in lead prices—down by over 30 per cent—and reduced sales of the metal as well as zinc, silver and iron ore.

In view of the recent fall in prices of silver and base metals MIM Holdings cannot be doing very well in the current half year. However, the shares were little changed at 192p in London yesterday following the latest results.

Another Japan deal

NEWS OF another big Japanese coal purchase comes with a Tokyo report that the Australian Thiess Dampier Mitsui Coal group has reached basic agreement with Japanese steel companies to supply them with 47.3m tonnes of coking coal from the Riverside mine in Queensland over a period of 14½ years from October, 1983.

According to Nippon Steel the agreement is conditional on the outcome of talks in progress between the coal group and the Queensland Government on rail and port costs for the coal and the construction of a second coal loader at Hay Point port.

It is understood that 1.1m tonnes of coal will be shipped in the first year and 3.3m tonnes annually thereafter. The prices to be paid for the coal have not been disclosed but it is suggested that they could be in the region of U.S.$35 (£23) per tonne.

Meanwhile, Australia's CSR has accepted an invitation from Mitsui to take part in a joint coal liquefaction feasibility study based on Latrobe Valley brown coal in Victoria. It is to start in April and will take at least a year to complete at a cost of over A$3m (£1.5m).

If the study is successful it is envisaged that a commercial plant using 6,000 tonnes of dry coal a day could be established in Victoria by 1986 which would have an eventual capacity of 20,000 tonnes a day. Products of the solvent refined coal process are both solid and liquid.

The solid product is used as a clean fuel and can be easily liquefied. It also has uses as a coking additive and as a raw material in the carbon and chemical industries. The liquid product is suitable for transport fuel and chemical feedstock.

ROUND-UP

Conroy Petroleum and Natural Resources and Premier Consolidated Oilfields have agreed to form a consortium which will apply for exclusive exploration licences in offshore Irish waters. They will not only seek blocks under the proposed second round of licensing offshore Ireland, but may seek allocations of blocks under the "open-door" approach to the Department of Energy.

This is in keeping with the stated aims of Conroy which, being an Irish company, is particularly interested in encouraging overseas operators to explore in Irish offshore waters. It is envisaged that both Premier and Conroy will take a substantial interest in the consortium and that Premier will act as operators.

* * *

South Africa's O'Kiep Copper, owned 57.5 per cent by America's Newmont Mining and 14.4 per cent by Amax, expects a first quarter loss because of the decline in copper prices. Unless there is a significant improvement in the metal price the company says that payment of the first quarter dividend of 33 cents would impair working capital. A loss was made in the fourth quarter of 1980.

LONDON TRADED OPTIONS

(Jan. 27 Total contracts 1186)

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	390	38	11	56	—	66	—	404p
BP	420	24	16	40	—	50	—	"
BP	460	9	5	20	—	—	—	"
BP	500	4	20	12	—	—	—	"
Com. Union	140	13	27	16	12	20	—	145p
Com. Union	160	4	20	7	2	10	—	"
Cons. Gold	550	—	—	17	—	33	5	473p
Courtaulds	50	7	130	11½	—	13½	—	51p
Courtaulds	60	2½	22	6½	4	9½	7	"
GEC	600	37	15	65	—	88	—	600p
GEC	650	18	35	40	1	—	—	"
Grand Met.	140	24	24	30	—	33	—	162p
Grand Met.	160	8	54	15½	39	19	12	"
Grand Met.	180	2½	20	7½	—	—	—	"
ICI	280	25	1	36	—	50	—	290p
ICI	300	14	10	26	10	35	5	"
ICI	330	7	4	14	5	—	—	"
Land Sec.	330	66	—	74	8	—	—	384p
Land Sec.	390	20	14	31	—	44	—	"
Land Sec.	420	7	—	18	5	—	—	"
Marks & Sp.	120	7½	1	12	—	15½	—	117p
Shell	550	3	4	7	—	—	—	426p
Totals			431		86		29	
		February		May		August		
Barclays B'k	460	2	—	8	5	20	—	401p
Imperial Gp.	70	10	3	10½	—	13	—	79p
Imperial Gp.	80	3	36	4½	—	6	—	"
Lasmo	750	7	5	42	—	77	—	684p
Lasmo	800	2	7	27	—	57	—	"
Lonrho	64	36	10	—	—	—	—	99p
Lonrho	90	—	—	16	25	21	10	"
Lonrho	100	—	—	9½	262	13	—	"
Lonrho	104	3½	36	—	—	—	—	"
Lonrho	110	—	—	5	112	8	—	"
P. & O.	110	11½	15	18½	—	20½	—	120p
P. & O.	120	5	56	9½	—	15	—	"
P. & O.	130	1½	20	5½	—	10½	—	"
Racal Elec.	330	5	13	21	—	35	—	308p
Racal Elec.	360	1½	20	12	—	22	3	"
Racal Elec.	390	¼	—	5	—	15	2	"
RTZ	414	6	10	20	—	—	—	395p
Totals			321		404		15	

APPOINTMENTS

Two new directors at Silentnight

Mr. Kenneth Bradshaw, chief executive of Smith and Nephew Associated Companies, and Mr. Peter Kinnear, chairman of Wagon Industrial Holdings, have been appointed non-executive directors of SILENTNIGHT HOLDINGS.

*

Mr. David Pike becomes chairman and chief executive of LIBERTY AND CO. from February 1 in succession to Mr. Arthur L. Stewart-Liberty who retires as chairman but continues as a non-executive director.

*

Mr. E. Wynn Owen, chief general manager of the Legal and General Assurance Society and a director of Legal and General Group, has been elected chairman of the LIFE OFFICES' ASSOCIATION. He succeeds Mr. L. G. Hall. Mr. M. H. Field has become deputy chairman.

*

Mr. Martin Rosenhead has become chairman, Mr. John D'Arcy, managing director, and Mr. Peter Coventry, financial director of NUBELL, following its acquisition of the assets of John Maddock and Sons and Royal Stafford Bone China. Nubell has been formed by a consortium consisting of Mr. David Quale and the three directors to develop both concerns.

*

Mr. P. M. Hulmes has been appointed managing director of ROBERT MARRIOTT GROUP and of ROBERT MARRIOTT LIMITED. Mr. E. A. Brook has ceased to be managing director of Robert Marriott Group and chief executive and joint managing director of Robert Marriott Limited and Mr. P. Dickens also ceases to be joint managing director of the latter company. Mr. Brook remains an executive director of both concerns and Mr. Dickens continues as an executive director of Robert Marriott Limited pending their retirement in November 1981 and April 1982, respectively. The parent company is Fernch Kier Holdings.

*

Mr. Michael A. A. Birtwistle, a divisional chairman of Courtaulds, has been appointed to the Board of BURNLEY BUILDING SOCIETY.

*

The general manager of the London branch of FIRST PENNSYLVANIA BANK, Mr. Henry H. Frothingham, has taken over as division head for Europe, the Middle East and Africa, following the return to Philadelphia of Mr. Leonard A. Caldwell.

*

Mr. C. M. Herridge has been appointed deputy managing director of TREMCO LIMITED from his previous position as director and general sales manager, sales and marketing. The company is the British subsidiary of Tremco (Canada), part of B. F. Goodrich Corporation.

*

Mr. Graham S. Clarke has been appointed group financial director of FAIREY HOLDINGS. Mr. Clarke was from 1976 finance director of the Coles Cranes group, a subsidiary of Acrow, having previously worked as a finance director in the computer industry.

*

Mr. Gary Hudson has been appointed to the new post of director of offshore construction of FRED OLSEN from February 1.

*

Mr. Patrick Jenkin, Secretary for Social Services, has appointed Mr. Christopher Patten to be his Parliamentary Private Secretary.

*

Captain John Wharrie has been appointed Commodore of the BP Shipping fleet. He succeeds Commodore Douglas Buckley, who is retiring.

*

Mr. Harry Shepherd, former controller of publicity of Marks and Spencer, has been appointed consultant on internal communications and staff training to KWIK-FIT (TYRES AND EXHAUSTS) HOLDINGS.

*

Mr. L. P. Unsted has ceased to be a director of WRIGHT HOLDINGS and its main operating subsidiaries.

*

Mr. G. E. Hardwick has been appointed director of marketing for DUNLOP'S UK tyre group. He is succeeded as director and general manager, replacement division, by Mr. G. D. Radford.

*

Mr. D. A. H. Baer and Mr. Ernest H. Sharp have been appointed to the board of TEMPLE BAR INVESTMENT TRUST.

*

Mr. Martin Wright, at present financial controller of Northwood Publications, has been appointed financial controller of THOMSON BUSINESS MAGAZINES from February 1. Mr. Bruce Robertson, chief accountant of the Illustrated Group, becomes financial controller of THOMSON CONSUMER MAGAZINES on that date.

*

Mr. C. Ciravegna has been appointed London representative of BANCO DI SANTO SPIRITO from February 2, in succession to Mr. J. Battersby who is retiring as representative but will continue to act as a consultant to the bank.

*

Sir Humphrey Prideaux has joined the Board of MORLAND AND CO.

*

Mr. W. Leonard Hyde has been elected president of the LEEDS PERMANENT BUILDING SOCIETY, succeeding Mr. J. Malcolm Barr. Mr. R. E. Chadwick has become vice-president.

*

Mr. John Major, MP for Huntingdonshire, has been appointed Parliamentary Private Secretary to the Ministers of State at the Home Office, Mr. Timothy Raison and Mr. Patrick Mayhew.

*

Mr. Guy Higson has been appointed a non-executive director of FEB INTERNATIONAL. Mr. Higson, a Swiss resident, has for some time been associated with Feb S.A., a wholly-owned subsidiary based in Switzerland.

BASE LENDING RATES

A.B.N. Bank	14 %	■ Hambros Bank	14 %
Allied Irish Bank	14 %	■ Hill, Samuel	§14 %
American Express Bk.	14 %	C. Hoare & Co.	†14 %
Amro Bank	14 %	Hongkong & Shanghai	14 %
Henry Ansbacher	14 %	Keyser Ullmann	14 %
AP Bank Ltd.	14 %	Knowsley & Co. Ltd.	16 %
■ Arbuthnot Latham	14 %	Langris Trust Ltd.	14 %
Associates Cap. Corp.	14 %	Lloyds Bank	14 %
Banco de Bilbao	14 %	Edward Manson & Co.	15 %
BCCI	14 %	Midland Bank	14 %
Bank of Cyprus	14 %	■ Samuel Montagu	14 %
Bank of N.S.W.	14 %	■ Morgan Grenfell	14 %
Banque Belge Ltd.	14 %	National Westminster	14 %
Banque du Rhone et de la Tamise S.A.	14½ %	Norwich General Trust	14 %
Barclays Bank	14 %	P. S. Refson & Co.	14 %
Beneficial Trust Ltd.	15 %	Rossminster	14 %
Bremar Holdings Ltd.	15 %	Ryl. Bk. Canada (Ldn.)	14 %
Brit. Bank of Mid. East	14 %	Slavenburg's Bank	14 %
■ Brown Shipley	14 %	E. S. Schwab	14 %
Canada Perm't Trust	15 %	Standard Chartered	14 %
Cayzer Ltd.	14 %	Trade Dev. Bank	14 %
Cedar Holdings	14 %	Trustee Savings Bank	14 %
■ Charterhouse Japhet	14 %	Twentieth Century Bk.	14 %
Choulartons	14 %	United Bank of Kuwait	14 %
C. E. Coates	14 %	Whiteaway Laidlaw	14½ %
Consolidated Credits	14 %	Williams & Glyn's	14 %
Co-operative Bank	*14 %	Wintrust Secs. Ltd.	14 %
Corinthian Secs.	14 %	Yorkshire Bank	14 %
The Cyprus Popular Bk.	14 %		
Duncan Lawrie	14 %		
Eagil Trust	14 %		
E. T. Trust Limited	14 %		
First Nat. Fin. Corp.	16½ %		
First Nat. Secs. Ltd.	16 %		
Robert Fraser	14 %		
Antony Gibbs	14 %		
Greyhound Guaranty	14 %		
Grindlays Bank	‡14 %		
■ Guinness Mahon	¶14 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11½%, 1-month 11¾%. Short term £4,000/12 months 13.35%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £50,000 12%, and over £50,000 12½%.
‡ Call deposits £1,000 and over 11½%.
¶ 7-day deposits 12%.
§ Demand deposits 12%.

EUROPEAN OPTIONS EXCHANGE

Series		April Vol.	April Last	July Vol.	July Last	Oct. Vol.	Oct. Last	Stock
ABN C	F.280	2	8	—	—	—	—	F.275
AKZO C	F.15	—	—	10	3.80	—	—	F.16.70
AKZO C	F.17.50	—	—	19	1.30	6	2	"
AKZO C	F.20	98	0.40	16	0.70	16	1.10	"
AMRO C	F.60	30	1.40	—	—	—	—	F.56.80
HOOG C	F.12.50	—	—	—	—	2	3	F.14.50
HOOG C	F.15	65	0.50	12	1.20	20	1.60	"
IBM C	$60	1	8	—	—	—	—	$65[illegible]
IBM C	$65	5	4	—	—	—	—	"
IBM C	$70	11	2½	—	—	1	5½	"
KLM C	F.55	4	8.90	—	—	—	—	F.62.80
KLM C	F.60	64	5.60	2	6	—	—	"
KLM C	F.70	191	1.70	131	3	—	—	"
KLM P	F.55	25	1A	—	—	—	—	"
KLM P	F.60	13	2.60A	44	4A	—	—	"
KLM P	F.70	10	10	—	—	—	—	"
NATN C	F.120	—	—	10	6.90	—	—	F.126.80
NATN C	F.125	1	1.70	—	—	—	—	"
NATN P	F.125	6	5	—	—	—	—	"
PETR C	Fr.5000	—	—	5	210	—	—	Fr.4980
PHIL C	F.15	108	2.40	111	2.60	85	3.20	F.16.80
PHIL C	F.17.50	201	0.70	116	1.30	154	1.60	"
PHIL C	F.20	55	0.20	315	0.50	—	—	"
PHIL P	F.15	110	0.20	20	0.40	—	—	"
PHIL P	F.17.50	—	—	35	1.70	8	1.90	"
OLIE C	F.190	10	24	—	—	—	—	F.209
OLIE C	F.200	91	16.50	1	22	—	—	"
OLIE C	F.220	520	6.60	125	9.80B	—	—	"
OLIE C	F.240	343	2	72	4.60	—	—	"
OLIE P	F.180	40	0.80	—	—	—	—	"
OLIE P	F.190	46	2.10	1	4.40	—	—	"
OLIE P	F.200	73	5.50	5	—	—	—	"
OLIE P	F.230	5	16	—	—	—	—	"
UNIL C	F.125	1	6	—	—	—	—	F.127.60
UNIL P	F.130	3	4.20	—	9.30	—	—	"
		Feb.		May		Aug.		
BOEI C	$40	30	1½	—	—	—	—	$40½
BOEI P	$40	40	15	—	—	—	—	"
SIEM C	DM.260	—	—	1	9	—	—	DM257.30
SLUM C	$110	8	6½	—	—	—	—	$113¼
SLUM C	$130	—	—	2	4¼	1	8½	"

TOTAL VOLUME IN CONTRACTS 3295

A=Asked B=Bid C=Call P=Put

U.S. Steel reports turnround to profit

By Ian Hargreaves in New York

U.S. STEEL, the largest U.S. producer, yesterday declared net profit of $504.5m for 1980 and increased its quarterly dividend from 40 cents to 50 cents.

In an upbeat year-end statement, Mr. David Roderick, the chairman, said he looked for the "great momentum" of 1980 to continue this year, in spite of a sluggish economy.

Last year's turnround from a $293m loss in 1979, was a product of a large programme of closures announced towards the end of 1979, the provision for which was the cause of the loss in 1979. Mr. Roderick said that all business segments, including steel, had returned to profits in 1980, increasing operating income from $216m to $478m.

The improvement on steel performance came in spite of an 18 per cent drop in the company's steel shipments during the year, which at 17.2m tons were at their lowest level since 1961.

Sales in 1980 were $12.5bn down from $12.9bn in 1979. In the final quarter, U.S. steel recorded net earnings of $190m on sales of $3.4bn, compared with a loss of $669m on sales of $3bn in the same quarter of 1979.

National Steel recovery

By Our Financial Staff

NATIONAL STEEL, the fourth largest producer in the U.S., bounced back to profits in the final quarter of 1980 after plunging to a $42m loss in the third quarter.

For the final quarter the company achieved a $15.3m net profit, which although down on the $21.3m recorded in the corresponding period of 1979, was a sharp reversal of the downward trend evident for most of last year.

For the full year net profits came out at $83.8m, or $4.42 a share, against $126.5m, or $6.56 a share, in the previous year.

LOWER CHEMICAL AND FOREIGN PROFITS

Reverse for Exxon in fourth quarter

BY PAUL BETTS IN NEW YORK

EXXON, the world's largest company, yesterday reported a small decline in fourth quarter earnings but a 32 per cent rise in full-year profits.

The *results broadly reflect* the general trend in the U.S. oil industry, where major companies have been reporting a levelling of profits in the fourth quarter after the large earnings increases in the first half of the year and in 1979.

Exxon's net income in the fourth quarter totalled $1.35bn compared with $1.37bn in the corresponding period of 1979. Revenues in the latest quarter were $29.8bn compared with $25.8bn in the previous year.

Exxon's income for the year rose from $4.3bn on revenues of $85bn in 1979 to $5.66bn on revenues of $110.5bn.

The company said that the 1.1 per cent decline in fourth quarter income was attributable to lower operating earnings, which were partially offset by increased gains on foreign currency translations. These foreign currency gains totalled *$215m compared with $2m in* the fourth quarter of 1979.

The company's operating earnings in the fourth quarter, excluding foreign currency translations, amounted to $1.34bn, representing a decline of nearly 15 per cent

Mr. Clifton Garvin, chairman, said that foreign petroleum and natural gas earnings were sharply down by $224m to $834m in the fourth quarter because of higher exploration costs coupled with lower demand and margins on petroleum product sales.

Chemical earnings were also sharply down from $136m in the fourth quarter of 1979 to $77m.

But earnings from the company's U.S. exploration and production operations increased by 27 per cent in the latest quarter to $565m because of the higher prices for crude oil, *natural gas and natural gas* liquids as a result of the decontrol of domestic prices.

In line with the general trend, **Marathon Oil** reported relatively flat fourth quarter earnings of $55.3m on revenues of $2.42bn compared with earnings of $54.3m on revenues of $2.22bn in the same quarter in 1979. For the year, Marathon's earnings totalled $379m on revenues of $8.75bn compared *with $295.3m on revenues of* $7.2bn in 1979.

Despite a slackening in the pace of earnings growth to 16 per cent in the final quarter, **Atlantic Richfield** (ARCO), the Los-Angeles-based oil and energy concern, increased net profits by 42 per cent last year. Earnings for all 980 totalled $1.65bn compared with $1.17bn, or $6.64 a share against $4.74.

Last year's results included a net gain of $115m from the *sale of Arco's interest in a* Colorado oil shale project and charges related to the shutdown of copper facilities in Montana.

In the fourth quarter, Arco's net income totalled $398m compared with $343m, or $1.60 a share against $1.39.

Meanwhile, **Union Oil Company**, the California oil group, reported a 29 per cent increase in net earnings last year over 1979 and a 16 per cent increase *in income in the fourth quarter.* Earnings totalled $647m, or $3.73 a share, compared with $500.6m, or $2.88. In the fourth quarter earnings came to $177.2m, compared with $152.3m in the same period the previous year. Per-share profits were $1.02, against 88 cents.

Sharp gains by Merrill Lynch

BY DAVID LASCELLES IN NEW YORK

MR. DONALD REGAN, the new Treasury Secretary, steered Merrill Lynch to a huge growth in earnings in 1980. The giant brokerage firm which he headed until recruited by President Ronald Reagan at the end of last year, had profits of $203.3m *or $5.51 a share, up 70 per* cent on the $118.7m or $3.26 earned in 1979. This included fourth quarter profits of $52.3m or $1.37, up from $29.6m or $0.82, in the same period of 1979.

Mr. Roger Birk, the new chairman, attributed the surge mainly to soaring securities and commodities transactions during a year which saw some of the most volatile markets on record.

But erratic interest rates dampened corporate bond trad*ing and revenues from this area* were only slightly up, he said. Investment banking revenues were a record, rising 60 per cent in the quarter and 74 per cent in the year.

Total revenues were $853.4m in the quarter and $3.02bn for the year, up from $592.4m and $2.05bn in 1979.

The firm also experienced sharp growth in securities and commodities transactions by overseas customers.

A second brokerage firm, **E. F. Hutton**, reported even *stronger gains. Its full-year* profit soared to $82.6m on revenues of $1.13bn from $37.3m on $750m a year earlier. Fourth quarter growth was almost as strong with profits rising to $23.3m on $313m from $11.1m on $220m.

Sperry growth on target

SPERRY, THE large computer and diversified industrial concern, reports a 16.7 per cent increase in third quarter net income, in line with its broad target of a 15 per cent increase in annual growth, Paul Betts in New York writes.

For nine months of fiscal 1981, net income increased 16.1 per cent to $220m on revenues up 14.1 per cent at $3.9bn.

Singer returns to black

BY TERRY BYLAND

PROPERTY SALES in Europe have boosted profits for 1980 at Singer, the sewing machine group which last year sub*stantially reduced its operations* in Europe and North America.

For the full year, the group recorded net earnings of $38.1m or $1.92 a share, against a loss of $92.3m in 1979. But the board said yesterday that the 1980 result benefited from a pretax gain of about $40m from sales of excess property, "primarily in Europe."

In 1979 loss was due to a reserve established to cover costs associated with the *European and North American* closures.

Singer, the world's largest sewing machine maker, was expecting profitable operations in 1980 and 1981. The 1980 earnings were slightly above Wall Street forecasts and raise market expectations for the current year.

Procter and Gamble rises

PROCTER AND GAMBLE, the leading household products group, has managed increases in both its sales and revenues in its second quarter but said the sales increase was largely due to higher selling prices, our New York Staff writes.

Earnings totalled $159m on revenues of $2.76bn compared with $146.7m on $2.62bn in the same quarter the previous year.

Net income for the half-year totalled $278.4m, down from $332.3m in the first half of the previous fiscal year. The drop *reflected a $75m extraordinary* charge to cover the cost of the suspended sale of the company's Rely brand of tampons.

Celanese down on the year

A RETURN to profit in the final quarter of 1980 is disclosed by Celanese Corporation, one of the *world's major producers of* synthetic fibres, writes Our Financial Staff. But for the full year, earnings are down from $141m or $9.34 a share to $122m or $8.6. Sales, at $3.35bn compared with $3.15bn in the previous year.

In the final quarter, Celanese lifted profits from $27m to $39m

Braniff and Eastern call off bid talks

By Our New York Staff

EASTERN AIR LINES of *Miami and Braniff International* of Dallas yesterday called off their tentative merger talks. Eastern also reported a net loss of $17.4m for 1980.

The two airlines said that "while the routes and facilities of the two companies were complementary, both were concerned about the impact a merger would have on their own employees."

"We believe that attempting to combine the work forces, particularly in these recessionary times, would be too disruptive to our respective employee families."

It appears likely that in the merger talks, Mr. Frank Borman, the chairman of Eastern, had attempted to drive an unacceptably hard bargain with Braniff on redundancies.

But there were also other problems. The banks, apparently refused to give any firm commitment about rescheduling the combined companies' debt, which amounted to more than $2bn at the end of September.

Eastern was also worried that it might not receive automatic approval from the Civil Aeronautics Board to take over Braniff's South American routes, which were the main attraction of the deal to the Florida-based carrier.

In December, Braniff flew almost 35 per cent fewer seat-miles than in the same month of the previous year, but it load factor — percentage of seats occupied—rose from 51.5 per cent to 63 per cent.

Braniff incurred a $51.6m loss in the first nine months of last year. It plans to release year-end figures next week.

Eastern ended 1980 with a net loss of $17.4m, compared with a profit of $57.6m for 1979. Sales rose from $2.88bn in 1979 to $3.45bn in 1980.

The company said it expected *a recovery* in airline traffic in the second half of this year.

N. American banks to raise Hellenic Aerospace credit

BY OUR EUROMARKETS STAFF

MANUFACTURERS Hanover and Bank of Nova Scotia have won a hotly contested Eurocredit mandate from Hellenic Aerospace. The Greek state corporation is borrowing $100m for 10 years at a spread of ½ per cent above Libor. The loan carries a 5½-year grace period.

The loan attracted wide banking interest as Hellenic Aerospace is a popular but infrequent borrower.

Terms have now been disclosed on the $1bn Eurocredit being arranged for the Kingdom of Sweden. The credit is divided into two tranches of which one, for $800m, will bear interest at a margin of ⅜ per cent above Libor for five years rising to ½ per cent for the next five. Grace period is five years.

The other tranche is for between SDR 150m and SDR 200m bearing interest at ⅜ per cent over the SDR deposit rate for the first three years and ½ per cent for the remaining two.

A feature of the deal is Sweden's insistence that banks *which contribute to the SDR* tranche must also lend three times the amount of their participation in dollars.

This should help boost participation in the dollar tranche which is very finely priced *for today's* markets. Sweden is profiting from the desire of banks which have recently been accumulating large amounts of SDR-denominated deposits to lend them out without breaking them down into their component currencies.

Officials said that Sweden wanted to avoid a credit price over U.S. prime rate because it believed such borrowing to be more expensive than a Libor-based one. A prime-based tranche would also have complicated further the deal which already embodies a new concept in the SDR tranche.

*Meanwhile, Venezuela's Com*pania Anonyma de Administracion y Fomento Electrico (CADAFE) has awarded a mandate for a $275m Eurocredit carrying a spread of ⅝ over Libor for the first five years and ¾ for the remaining three years. The grace period is five years and lead managers are Swiss Bank Corporation International (books), Arab Banking Corporation, Lloyds Bank International *(agent)*, National Bank of Canada and Sumitomo Trust and Banking (books). CADAFE, which generates and transmits electricity in Venezuela, has also arranged a $25m import financing deal

Crystaloil issue dropped

BY FRANCIS GHILES

CRYSTALOIL'S $35m 15-year convertible issue which was launched the week before last has been withdrawn by the lead manager Smith Barney, Harris Upham.

This followed a sharp rise in the price of the underlying share in New York after the company's announcement that it had discovered additional reserves in the Arkana Field in Louisiana.

The shares which stood at $30 when the issue was launched closed at $35 on Monday night.

The decision to withdraw the issue disappointed many dealers as it had been much better re*ceived than most recent issues.*

Elsewhere in the dollar sector prices were unchanged in what dealers called a "very sleepy" market.

In the D-Mark and Swiss franc sectors, seasoned issues shed ½ or a point in very thin trading.

Paul Betts in New York looks at why RCA wanted a new chairman

A team leader replaces an autocrat

THE LATEST TOP management shake-up at RCA is the climax of 12 months of unprecedented turmoil and controversy in the executive suite, in New York's towering Rockefeller Plaza, of one of the largest U.S. communications conglomerates.

In many respects, the changes in the company's hierarchy reflect an attempt to bring a little order to RCA's board room and to improve its internal communications.

The company which recently *reported revenues of* over $8bn for last year, owns among other interests, the NBC national television network, the Hertz vehicle renting business and one of the three video disc systems coming onto the market.

Last Saturday evening, RCA unexpectedly announced that Mr. Edgar Griffiths, a 33-year-veteran who had run the group with an iron fist for the past four years, was resigning as chairman. Mr. Griffiths is 59 and still a long way from retirement age. Since he became president and chief executive officer in 1976, and subsequently chairman at the beginning of last year, he has restructured the company and achieved wonders with its balance sheet.

But unfortunately, he appeared to be single-minded and individualistic. His personal blunt management *style caused growing* friction in the RCA's executive suite.

Relations between Mr. Griffiths and some of his fellow-directors eventually reached a point of no return. Mr. Griffiths apparently felt that his decisions were being increasingly questioned and challenged by the board. Some directors apparently felt that Mr. Griffiths was *going too far in attempting to* run the company's affairs single-handed, without even consulting them in such crucial decisions as the recent appointment of a new Hertz chief executive.

The appointment of Mr. Bennett Bidwell, a former Ford vice-president, to run Hertz was the last straw for several directors. Earlier in the year, Mr. Griffiths, in his usual brusque manner, *dismissed two* senior RCA executives. They were Mr. Maurice Valente, whom Mr. Griffiths himself had picked as president of RCA only six months earlier, and who was tipped as a future chairman. The second executive was Mrs. Jane Pfeiffer, chairman of NBC, who was dismissed in a barrage of publicity and was finally awarded a huge severance package of some $800,000. Mr. Griffiths named Mr. Fred Silverman, already president of NBC, in her place.

Mr. Thornton Bradshaw: Hired for his team spirit.

But Mr. Silverman has come under fire from some quarters of RCA's board. He was to have ushered in a renaissance at NBC, which has been trailing at the bottom of the national television *ratings. Although the network* has not been losing money—indeed it earned $70m last year despite a $36m writeoff attributable to the cancellation of its coverage of the Moscow Olympics—its position at the bottom of the national ratings league has become a source of profound embarrassment for RCA. Despite several major new television series, NBC is still bottom of the league.

Mr. Griffiths will resign in July, although he will remain with the company as a consultant and chairman of the board's finance committee. He will be replaced by Mr. Thornton Bradshaw, 63, president of *Atlantic* Richfield, ARCO, the Californian oil company which owns The Observer newspaper in the UK.

Unlike Mr. Griffiths, Mr. *Bradshaw* believes in team spirit and is reported to be easy to work with. He is credited with having brought a more sophisticated style of management and a sense of "social responsibility" to ARCO during his 16 years there. He has successfully worked in tandem with Mr. Robert Anderson, the company's chairman and chief executive, who prefers to spend his time on his New Mexico *ranch* rather than in the boardroom.

But Mr. Bradshaw is no stranger to RCA. He has been on the company's board as an outside director since 1972. His *appointment has generally been* welcomed by the communications company. Under Mr. Bradshaw's more discreet leadership, RCA executives hope that a little calm will return.

He is regarded as a transition chairman, and is expected to retire in two years. Thus apart from calming the atmosphere within RCA and attempting to build up a greater sense of team spirit, his main role as chair*man is likely to be to find his* successor — something Mr. Griffiths failed to do.

Mr. Bradshaw will take over *at a time when RCA is in good* shape. Although NBC's poor television ratings and the recent downturn in Hertz's business as a result of the recession have to some extent clouded its outlook. But already, Mr. Bradshaw sees *his role as one of enhancing* RCA's credibility in the eyes of the public.

AMERICAN QUARTERLIES

AMERICAN BRANDS

	1980 $	1979 $
Fourth quarter		
Revenue	1.80bn	1.54bn
Net profits	83.4m	81.2m
Net per share	2.85	3.14
Year		
Revenue	6.80bn	5.84bn
Net profits	405.5m	347.3m
Net per share	14.02	12.00

BORDEN

	1980 $	1979 $
Fourth quarter		
Revenue	1.1bn	1.1bn
Net profits	33.9m	29.3m
Net per share	1.14	0.94
Year		
Revenue	4.6bn	4.3bn
Net profits	147.9m	134.0m
Net per share	4.79	4.31

CENTRAL TELEPHONE

	1980 $	1979 $
Fourth quarter		
Revenue	232.2m	204.1m
Net profits	22.9m	20.4m
Net per share	0.88	0.79
Year		
Revenue	893.6m	782.6m
Net profits	91.2m	84.0m
Net per share	3.51	3.28

CONE MILLS

	1980 $	1979 $
Fourth quarter		
Revenue	165.6m	164.9m
Net profits	11.09m	12.15m
Net per share	1.92	2.10
Year		
Revenue	729.8m	685.3m
Net profits	51.25m	43.78m
Net per share	8.88	7.54

CONSOLIDATED FOODS

	1980-81 $	1979-80 $
Second quarter		
Revenue	1.44bn	1.37bn
Net profits	33.9m	29.5m
Net per share	1.12	0.95
Six months		
Revenue	2.86bn	2.68bn
Net profits	68.8m	61.0m
Net per share	2.25	1.97

CONSOLIDATED EDISON

	1980 $	1979 $
Fourth quarter		
Revenue	998.0m	857.0m
Net profits	61.85m	69.58m
Net per share	0.61	0.94
Year		
Revenue	3.95bn	3.33bn
Net profits	334.68m	323.91m
Net per share	4.67	4.51

CRANE

	1980 $	1979 $
Fourth quarter		
Revenue	385.0m	400.0m
Net profits	17.92m	13.45m
Net per share	1.18	1.32
Year		
Revenue	1.5bn	1.6bn
Net profits	42.59m	55.03m
Net per share	4.20	5.39

DETROIT EDISON

	1980 $	1979 $
Fourth quarter		
Revenue	481.3m	406.7m
Net profits	42.84m	31.26m
Net per share	0.52	0.42
Year		
Revenue	1.87bn	1.7bn
Net profits	137.5m	132.6m
Net per share	1.75	1.90

FREEPORT MINERALS

	1980 $	1979 $
Fourth quarter		
Revenue	178.88m	130.27m
Net profits	38.58m	25.99m
Net per share	1.22	0.82
Year		
Revenue	664.4m	487.7m
Net profits	147.4m	101.4m
Net per share	4.67	3.22

FOREMOST-McKESSON

	1980-81 $	1979-80 $
Third quarter		
Revenue	1.1bn	995.9m
Net profits	21.2m	17.6m
Net per share	1.33	1.17
Nine months		
Revenue	3.08bn	2.73bn
Net profits	52.4m	45.0m
Net per share	3.30	3.69

GIDDINGS & LEWIS

	1980 $	1979 $
Fourth quarter		
Revenue	88.1m	77.6m
Net profits	8.79m	9.76m
Net per share	1.35	1.58
Year		
Revenue	327.9m	257.7m
Net profits	31.87m	28.94m
Net per share	4.96	4.71

HARVEY HUBBELL

	1980 $	1979 $
Fourth quarter		
Revenue	102.4m	93.5m
Net profits	7.4m	6.99m
Net per share	0.60	0.57
Year		
Revenue	406.0m	362.4m
Net profits	29.94m	26.76m
Net per share	2.43	2.16

HERCULES

	1980 $	1979 $
Fourth quarter		
Revenue	633m	596m
Net profits	31.1m	25.7m
Net per share	0.71	0.60
Year		
Revenue	2.49bn	2.35bn
Net profits	114m	172.5m
Net per share	2.60	3.89

IMASCO

	1980-81 $	1979-80 $
Third quarter		
Revenue	380.0m	316.5m
Net profits	28.45m	19.66m
Net per share	1.37	0.94
Nine months		
Revenue	1.01bn	890.9m
Net profits	64.84m	51.06m
Net per share	3.12	2.47

INA CORPORATION

	1980 $	1979 $
Fourth quarter		
Net profits	71.77m	63.94m
Net per share	1.79	1.65
Year		
Net profits	278.6m	244.6m
Net per share	7.11	6.34

INGERSOLL-RAND

	1980 $	1979 $
Fourth quarter		
Revenue	891.3m	704.0m
Net profits	58.0m	43.4m
Net per share	2.96	2.20
Year		
Revenue	2.97bn	2.54bn
Net profits	160.3m	149.3m
Net per share	8.08	7.51

KAUFMAN AND BROAD

	1980 $	1979 $
Fourth quarter		
Revenue	148.2m	165.9m
Net profits	5.6m	10.2m
Net per share	0.46	0.84
Year		
Revenue	491.8m	489.8m
Net profits	21.6m	19.2m
Net per share	1.76	1.54

KENNAMETAL

	1980-81 $	1979-80 $
Second quarter		
Revenue	92.5m	75.2m
Net profits	7.99m	8.37m
Net per share	0.67	0.70
Six months		
Revenue	179.2m	143.6m
Net profits	26.3m	31.6m
Net per share	1.31	1.46

MERCK

	1980 $	1979 $
Fourth quarter		
Revenue	710.7m	629.6m
Net profits	99.38m	81.71m
Net per share	1.33	1.08
Year		
Revenue	2.73bn	2.38bn
Net profits	433.98m	381.78m
Net per share	5.79	5.06

NORTON SIMON

	1980-81 $	1979-80 $
Second quarter		
Revenue	810.1m	755.6m
Net profits	28.59m	36.61m
Net per share	0.61	0.75
Six months		
Revenue	1.6bn	1.5bn
Net profits	56.39m	69.19m
Net per share	1.18	1.41

PHILADELPHIA ELECTRIC

	1980 $	1979 $
Fourth quarter		
Revenue	535.9m	430.8m
Net profits	51.0m	40.4m
Net per share	0.41	0.35
Year		
Revenue	2.1bn	1.6bn
Net profits	227.1m	194.5m
Net per share	2.00	1.86

ROHM & HAAS

	1980 $	1979 $
Fourth quarter		
Revenue	418.6m	337.8m
Net profits	17.01m	18.16m
Net per share	1.31	1.40
Year		
Revenue	1.73bn	1.39bn
Net profits	93.74m	102.79m
Net per share	7.26	7.95

SAFECO

	1980 $	1979 $
Fourth quarter		
Revenue	337.0m	309.9m
Net profits	8.82m	26.32m
Net per share	0.46	1.85
Year		
Revenue	1.32bn	1.21bn
Net profits	92.16m	138.7m
Net per share	4.79	5.96

SOUTHERN RAILWAY

	1980 $	1979 $
Fourth quarter		
Revenue	429.6m	356.2m
Net profits	44.12m	32.32m
Net per share	2.82	2.13
Year		
Revenue	1.64bn	1.47bn
Net profits	180.9m	150.6m
Net per share	11.57	10.39

TOSCO

	1980 $	1979 $
Fourth quarter		
Revenue	680.6m	549.2m
Net profits	19.64m	24.56m
Net per share	†0.48	1.16
Year		
Revenue	2.39bn	1.92bn
Net profits	46.1m	79.57m
Net per share	2.15	3.84

† Loss

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Thursday, February 12. Closing prices on January 27

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Amoco 13¾ 88	75	97¼	97¾	−0½	[illegible]	[illegible]
CECA 11½ 86	100	91¼	91¾	+0⅛	[illegible]	[illegible]
CFE 13 87	75	†90½	91½	+0¼	[illegible]	[illegible]
Citicorp O/S Fin. 10 86	300	87⅛	87⅝	−0⅛	[illegible]	[illegible]
Citicorp O/S Fin. 12 87	200	93	93½	−0¼	[illegible]	[illegible]
Con. Illinois O/S 9¾ 86	150	85⅛	85⅝	−0⅛	[illegible]	[illegible]
Denmark 11½ 90	100	88¾	89¼	+0¼	[illegible]	[illegible]
Dome Petroleum 13½ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dupont Canada 13½ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EEC 11 86 (May)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EEC 11 85 (August)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 13⅝ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ekspertfinans 9½ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Elec. de France 10 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Elec. de France 12½ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Export Dv. Cpn. 12½ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Export Dv. Cpn. 12⅝ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fin. Exp. Credit 12⅝ 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland, Rep. of 9½ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ford O/S Fin. 14¼ 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ford O/S Fin. 12½ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gaz de France 13½ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GMAC O/S Fin. 12⅝ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GMAC O/S Fin. 12⅝ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gen. Mtrs. O/S 11⅝ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GTE Fin. 13¾ 85 (WW)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hudson's Bay 11⅞ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
IBM Canada 10⅞ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
IBM Wld. Trade 12¾ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
J. C. Penney Int. 12⅝ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nova Scotia 10½ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 10 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pemex 11¾ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Quebec Hydro 11½ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Roylease 11¾ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SNCF 12⅝ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden 13⅝ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swed. Ex. Credit 12 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swed. Ex. Credit 13 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Transamerica 12½ 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Unilever NV 9¾ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 9⅜ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 10⅞ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day 0 on week 0

DEUTSCHE MARK STRAIGHTS; SWISS FRANC STRAIGHTS; YEN STRAIGHTS; OTHER STRAIGHTS; FLOATING RATE NOTES; CONVERTIBLE BONDS: [illegible]

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL COMPANIES and FINANCE

Peter Montagnon on the pressures faced by the Swiss capital markets

Foreigners forced off the rails

ANOTHER foreign bond issue in the Swiss market has come off the rails. The SwFr 100m, 5¾ per cent loan for Sweden's Forsmarks Kraftgruppe fell to a three-point discount from its 99 per cent issue price on its first day of secondary market trading yesterday.

Four consecutive foreign issues in a row have now been undersubscribed. Last week's casualties included the 5¾ per cent issue for Caisse Nationale des Telecommunications, the 5¾ per cent issue for Oesterreichische Kontrollbank and the 5¾ per cent issue for the City of Stockholm.

This marks an abrupt turnround in sentiment from the start of the year, when bankers believed that declining U.S. interest rates would see the market off to a flying start. Now they are being forced to admit that *coupons will have to rise*. The coming SwFr 100m issue for the *World Bank is expected* to bear a coupon of at least 6 per cent.

U.S. interest rates are central to the *problems facing the Swiss* market. Short-term dollar rates have remained high, and most bankers now see little prospect for a decline in the immediate future. *But linked to this are* a number of domestic considerations *which have served to* undermine confidence in the foreign sector of the Swiss capital market.

These include *the high level* of new issue activity, which has been influenced by the closure of the foreign bond market in neighbouring Germany. Eight bonds worth a total of SwFr 750m have been announced or launched since the year began.

They have come into a market beset by high short-term rates on Swiss francs. Eurofrancs now pay about 6 per cent for 12 months, higher than yields on new issues in the bond market.

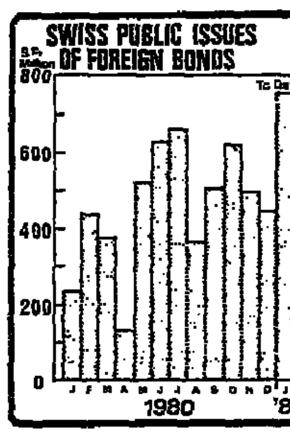
Medium-term rates are also edging higher. On Monday the major banks raised the rates paid on their medium-term notes to a uniform 5 per cent across the maturity spectrum. Previously three- and four-year notes had been remunerated at 4½ per cent and five- and six-year notes at 4¾.

Only part of this development is the result of overspill from the dollar sector. The Swiss National Bank is reluctant to relax its tight stance in the money market, not only *because it fears that this would* lead to an unwelcome appreciation of the dollar against the Swiss franc but also because of the unusually high rate of domestic credit expansion.

From the third quarter of 1979 to the third quarter of 1980 new domestic credit commitments by Swiss banks rose by 17 per cent, while in the year *to last October domestic credit* outstanding rose by nearly SwFr 22bn to SwFr 174.7bn.

This has far outstripped nominal economic growth and expansion of the money supply, and some banks are now beginning to find it hard to finance such a growth in business.

Even *without the large* refinacing needs on existing *medium-term notes*—about



SwFr 8.3bn in such paper falls due this year—the banks still *face a great need for new funds* from their clients this year.

Ultimately the extent of the market's willingness to absorb *this requirement will depend on* how far U.S. interest rates fall, as well as on the extent to which economic activity in Switzerland declines. Falling economic growth naturally tends to boost the Swiss *propensity to save, boosting the* banks' ability to attract new funds.

But for the time being, however, the foreign side of the bond market has been badly hit, although the domestic bond market has been spared the worst of the ravages as prices have been helped by reflows into the market from locally-based institutions.

Bankers say, however, that top rated cantonal loans, which at the start of the year were being well oversubscribed at a coupon level of 5 per cent, are now only just being covered by subscriptions.

One domestic borrower, Ciba Geigy, earlier this month took the unusual step of making a private placement in the domestic market rather than floating a public issue. The canton of Berne is now reported to be following suit.

That such borrowers are choosing this route to save on commission costs and achieve a lower coupon than that available on a public issue is a sign of the extent to which uneasy conditions prevail.

A further sign is that bankers in the foreign bond market *freely* admit that a pause in new issue activity is conceivable.

Concrete plans for such a step *have not yet been laid*, but if such a step did occur it would add enormously to the problems of borrowers who are barred from raising funds in the Deutsche Mark sector and staring at a firmly closed window in the market for fixed-rate dollars.

Car slump hits French components group

BY TERRY DODSWORTH IN PARIS

THE WIDESPREAD decline in the European motor industry last year put an end to the rapid expansion enjoyed in the 1970s by the Societe pour l'Equipement de Vehicules (SEV), France's leading electrical components group.

Provisional figures from the company, in which the Valeo vehicle components organisation holds the majority stake, *indicate that it suffered consolidated losses of more than FFr 100m ($21.3m) in 1980.* Turnover dropped by about 8 per cent to around FFr 2.8bn.

SEV was particularly hard *hit in the fourth quarter*, when its sales fell by 15 per *cent compared with 1979.* This trend clearly reduced margins in comparison with the first half of the year, when losses were a more modest FFr 29.4m.

As with other companies linked to the motor industry, the French group has had to face a slump in sales at the same time as coping with high *financing costs, a stagnation* in prices and a decline in overseas competitiveness caused by the relative strength of the franc.

SEV has responded to the unfavourable climate by launching a streamlining programme aimed both at rationalising its manufacturing plants and reducing its workforce. Three old factories have been closed, while its Beaugency *plant has been reorganised* to produce electronic *equipment, and a new plant* at Chatellerault brought on stream.

On the labour side, the company has reduced its workforce by 1,430, and in the last quarter it put its workers on short time for an average of four days a month. The company notes, however, that these payroll reductions were relatively costly, because of the payments it was obliged to make to redundant or part-time workers.

Last year also saw SEV continuing its development overseas, with the creation of new subsidiaries in Spain and Belgium and the increase of its stake in its Dutch organisation. It also took a control*ling interest in an Argentine* company, Proyectores Argentinos, *and in three com*panies in Brazil. These acquisitions should give it a significant share of the vehicle lighting market in Brazil and Argentina, it says, with a turnover next year of about FFr 180m.

The company also expects a considerable improvement in its other activities this year, mainly because of its reorganisation.

SWEDEN'S STOCK MARKET

Overseas interest mounts

BY JOHN MAKINSON

ASEA, Aga and Astra are hardly names which trip off the tongues of most London stockbrokers but they are certainly *familiar to the growing band of* analysts and fund managers who *follow the steady progress* of the Swedish stock market.

Less tha na year ago, London's interest in Swedish stocks was negligible. Now, at least four brokerage firms are dealing in Swedish shares and U.S. insitutions have started to make *their presence felt.* In the eyes of the bulls, the sedate Stockholm *market* is ripe for reappraisal.

This enthusiasm seems puzzling against the background of a parlous domestic economiy, a currency which is under pressure and a market which is both small and inhospitable to foreigners.

The answer of the optimists is to seek out investments in international companies with a limited exposure to the Swedish economy. *They believe that the* potential for capital growth in several of these stocks will outweigh currency losses and that the whole market will be buoyed by measures being taken by the Swedish Government to attract both domestic and foreign capital to the stock exchange.

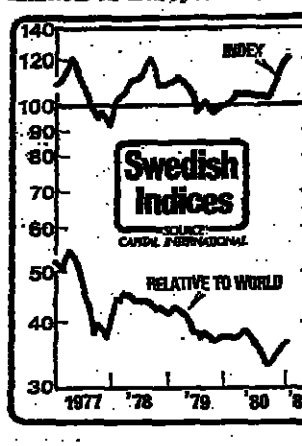
Sweden's economic prospects are unquestionably poor. The *Economics Ministry has revised* its 1981 forecast for real GDP growth down to 0.7 per cent and the Federation of Swedish Industries is expecting a fall of 0.8 per cent.

The current account will show a deficit of around $4.5bn for 1980, rising to at least $5bn this year. The Government deficit is widening fast and inflation looks *set to stay in double figures this* year.

As the current account *deficit* widens and the growth rate *slows*, pressure is mounting on the Government to allow a devaluation of the krona, which is at present held loosely against a basket of currencies in which the dollar has the largest single weighting. The central bank indicated its determination to defer a devaluation last week when it increased the *discount* rate from 12 to 14 per cent.

A devaluation *obviously* would not be welcomed by foreign investors, but it would have only a modest impact on the many Swedish companies which have proved able to live with a high exchange rate and a *slack domestic economy. Electro*lux, Ericsson and SKF, three of *the country's largest companies*, all derive more than three-quarters of their sales abroad and employ fewer than half their workforce within Sweden.

Until recently, the structural limitations of the market have deterred foreign investors from ploughing funds into Sweden. Not only is it one of the smallest markets in Europe, with a capi-



SWEDEN'S STOCK MARKET

Market capitalisation	$13bn
1980 S.E. turnevr	$1.3bn
Year-on-year rise in Retail price index	13.75%
Forecast growth in real GDP for 1981	+0.7%

Sources: Savory Milln; Grieveson Grant; Economics Ministry.

talisation less than Belgium's, but turnover is modest and foreigners are barred *from* taking more than a limited stake *in many leading companies.* In Bofors and the banks, foreigners are allowed no holding at all.

In order to buy the free shares *which are available to* foreigners, investors must operate through a pool of "switch kronor," which result from the sale of other Swedish shares held by foreigners. Commissions on these transactions can be steep, but the "switch kronor" are readily available and the central bank is considering some relaxation of the system. *It has already allowed* several leading companies to sell a limited amount of stock to foreigners for commercial kronor.

The *principal limitation*, however, is the short supply of *free shares themselves*. Most of the established blue chips, such as Electrolux, Ericsson and Atlas Copco, have few if any restricted shares but several of the most fashionable companies have less than 20 per cent of their equity available to foreigners under their statutes. Here again, changes are in the wind. Fortia, a pharmaceuticals group with interests in bio-technology, is expected to seek shareholders' approval *for a* widening of foreign participation, *and others should follow.*

Encouragement is also being given to the domestic investor, who has been conspicuously absent *from the market in the* past few years because of *Sweden's punitive personal tax* structure.

The Government recently passed legislation, however, allowing domestic shareholders to deduct 30 per cent of their dividend income from their income tax liability up to an annual limit of $1,700. At the same time, the amount exempted from capital gains tax on the sale of shares held for at least two years has been increased from $220 to $660. The measures are fairly modest compared with, for example, France's Loi Monory, but Mr. Chris Woodgate of brokers Savory Milln points out that private Swedish investors became net equity purchasers last September for the first time in 10 years.

Mr. Woodgate also believes that the *institutions are becom*ing more active investors. They have long held portfolios stuffed with blue chip shares and their unwillingness to commit more funds to these companies has acted as a drag on the price. Now, however, they are switching into the smaller companies which are leading the market's rise.

Even after its strong run-up at the end of last year, the Stockholm market's rating remains one of the lowest in the world. The Capital International index put it on a p/e of 5.3, with a *yield of 6.2 per* cent. Sweden imposes a 30 per cent withholding tax on dividends, though in many countries this is partially recoverable. UK investors, for example, can recover a quarter of the tax.

Alitalia takes stake in Itavia

BY JAMES BUXTON IN ROME

ALITALIA, the state-owned national airline, is to take a majority stake in a new company being formed to take over Itavia, the private airline which ceased flying in December be*cause of heavy losses.*

The new company will take *over the staff and equipment*, including the aircraft, of Itavia, which operated on routes mainly between secondary Italian airports.

The solution involving Alitalia, which has temporarily been operating some of Itavia's routes, comes after six weeks of fierce agitation by the unions for a state takeover of the company.

Itavia's turnover fell perceptibly *after the crash into* the Mediterranean last June of a DC-9 on a flight to Palermo. Suspicions that the aircraft was hit by a missile or an unidentified aircraft have not been entirely disproved.

The collapse of Itavia, which was said to have debts of L43bn ($44m) on annual sales of about L70bn, emphasises the weakness of private sector aviation in Italy. Only about *one in 10 charter flights orig*inating in Italy is operated by Italian airlines, while Alitalia has a virtual monopoly on domestic scheduled flights.

Sandoz in U.S. move

BY JOHN WICKS IN ZURICH

SANDOZ, the Swiss chemicals *group, is to buy the proprietary medicines division of Culbro Corporation of the* U.S. for $94m. Culbro's operations in medicine include the manufacture and marketing of the laxative, Ex-Lax, and other non-prescription pharmaceuticals.

The division, whose largest production unit is in Puerto Rico, has its major markets in the U.S., Canada and the UK.

Outside pharmaceuticals, Culbro is engaged primarily in the tobacco, snack-foods *and distribution.* Sandoz last year had pharmaceutical sales of about SwFr 2.38bn ($1.28bn). It has traditionally concentrated its efforts on prescription products.

Last *September* Sandoz dropped a $420m disputed *offer for the U.S. spice maker*, McCormick.

JAPANESE DEPARTMENT STORES

Daiei and Takashimaya bridge a gulf

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

THE APPARENTLY unbridgeable gulf between Japan's old established department store groups and the aggressive and fast expanding superstore chains was crossed yesterday when Daiei, the largest superstore company, joined hands with the 150-year old Takashimaya group in a venture involving Le Printemps of Paris.

Under the agreement, Takashimaya will become a 20 per cent or 30 per cent shareholder in Le Printemps Japan, *a joint* venture which is to open a series of French-style department stores in Japanese cities. Daiei initiated the deal with Le Printemps a year ago, in a move which is said to have infuriated the conservative management of Takashimaya.

Takashimaya apparently felt that its territory had been encroached on, in that a prior agreement between itself and Le Printemps called for the French group to sell Takashimaya goods in its Paris stores. Takashimaya executives were quoted as saying that Daiei would "certainly" fail in its bid to enter the department store business through the Printemps tie-up.

In an attempt to settle the dispute between its two Japanese parners, Le Printemps is understood to have proposed last autumn that Takashimaya should discuss with Daiei the acquisition of a management and capital stake in Le Printemps Japan—which is to open its first Japanese store in Kobe next March. Initial reluctance by Takashimaya to consider this proposition appears to have been overcome after Daiei acquired some 10 per cent of Takashimaya's equity from an investment club run by doctors in south-west Japan. The investment club, Juzenkai, specialises in building influential positions in selected stocks with a view to making capital gains from resale to nominees of the company concerned.

Daiei claimed last night that it had been asked by Takashimaya to buy Juzenkai's holding in the early stages of the Le Printemps negotiations, with a view to transferring the stock eventually back to a subsidiary or business associate of Takashimaya. Takashimaya denies that any such request was "formally" made, and merely says that Daiei may have been made "telepathically aware" of Takashimaya's interest in recovering its stock. Whichever of the two versions *is* correct an *informal* understanding has been reached that the former Juzenkai shareholding will be transferred to a Takashimaya subsidiary. This arrangement forms part of the deal under which the department store agreed to become involved in the Daiei-Le Printemps venture.

Daiei, with annual sales of more than Y1,000bn ($5bn), is Japan's largest retailing venture, although its first store was opened only 23 years ago, in Osaka. Takashimaya (annual turnover around Y400bn) is the third largest department store group, but has a high reputation for quality. Both Daiei and Takashimaya are Osaka-based companies, and each group is subject to strong influence by a single family or individual shareholder. Daiei's founder and president, Mr. Isao Nakauchi, who masterminded the group's rise to its present position, holds an estimated 18 per cent of the company's shares.

The tie-up between Takashimaya and Le Printemps Japan is the fifth business deal announced since the start of 1981 by the fast-moving Mr. Nakauchi. Previous deals included two mergers between Daiei subsidiaries and local superstore chains (in Kyushu and the suburbs of Tokyo), an agreement with the Chinese city of Tientsin to develop goods for export to Japan and an agreement to exchange retailing know-how with a leading U.S. food distributor.

Zimbabwe takes over majority in Rhobank

By Our Salisbury Correspondent

THE ZIMBABWE Government has acted to reduce foreign control of the banking sector by buying a majority shareholding in Rhobank, the country's second largest commercial bank.

Mr. Enos Nkala, the Finance Minister, said the Government would pay the Nedbank group of South Africa Z$26m (U.S.$41m) for its 61 per cent shareholding in the bank. As a result, Rhobank will now be entirely Zimbabwe-owned, as the balance of the shares was already held by Zimbabwe residents.

The Rhobank acquisition is in line with the Government's policy of investing in major private sector groups.

The official statement on the purchase said that the Government would have the right immediately to appoint six new directors to the bank while the Nedbank group would, over the next two years while payment was being made, retain its involvement in the management of Rhobank. It would retain two directors on the board.

No changes are envisaged in the day to day running of the group nor in its staff or dividend policies. But "a more appropriate name" is being considered and the bank will accelerate its present policy of training Zimbabweans and bringing them into the management structure of the bank.

The price paid per share of 590 Zimbabwe cents was only marginally below the ruling market price of 605 cents. A Nedbank official described the price as "very fair."

Mr. Nkala gave no details of how the Government would finance the purchase, saying that this was being "worked on."

VTR boom boosts TDK results

BY YOKO SHIBATA IN TOKYO

TDK ELECTRONICS, Japan's leading manufacturer of ferrite cores and magnetic tapes, has reported a rise in group sales of 36.9 per cent to a record Y214.77bn ($1.05bn) for the year to November, 1980, and a 35.8 per cent increase to Y21.27bn ($104.5m) in net earnings. This was the fifth consecutive year of sales and earnings growth. Profits per share were lifted to Y208.39 from Y156.01 a year earlier.

Reflecting a near doubling in volume production of Video Tape Recorders (VTRs) in the past year, the company's sales of magnetic recording tapes increased by 46 per cent to account for 47.1 per cent of the total. Sales of VTR-related products (including components and VTR tapes) accounted for 23.4 per cent of the total, against 17.7 per cent in 1978-79.

The company's monthly production of VTR tapes was raised to 2m cassettes in the year, but production did not meet demand. TDK is to increase its VTR tape capacity to 5.5m cassettes by this summer. One million will be made at a new plant in Georgia, in the U.S., which started operating last month.

Ferrite core and magnet sales gained by 25.7 per cent to account for 24.6 per cent of total, sales of electronic components increased by 25.3 per cent to account for 14 per cent, and sales of ceramic components rose by 40.9 per cent to account for 12.5 per cent.

Overseas sales advanced by 59.1 per cent to account for 39.4 per cent of the total. The increase was achieved mainly through sales of audio tapes. These offset the slower growth of domestic market audio tape sales.

With strong sales prospects for VTR tapes and other electronics components, the company expects a further growth of 20 per cent in both expansion of sales and earnings in the current year.

TDK has also announced non-consolidated results for 1979-80, showing operating profits up by 26.8 per cent to Y38.16bn, net profits up 32.4 per cent to Y18.91bn, and sales up 30.5 per cent to Y188.27bn.

Repco makes A$23m bid for Wreckair Holdings

BY JAMES FORTH IN SYDNEY

REPCO, the automotive and engineering group, is moving to benefit from growing resources development with a A$23m (U.S.$27.4m) on-market takeover bid for Wreckair Holdings, the plant hire group.

It has already acquired a 65 per cent stake from Chicago Pneumatic Holdings of the U.S. with the merchant bank Australian United Corporation instrumental in bringing the two parties together.

Repco will stand in the market for one month, offering A$7.19 cash per Wreckair share, which is more than 84 per cent above the last quoted market price of A$3.90. Wreckair directors will recommend the bid and accept for their own holdings.

The offer includes a final dividend of A$3.19 a share declared by Wreckair directors yesterday to facilitate the making of the offer. The books for the dividend will close on February 27, the last day of Repco's offer.

Repco will accept shares at A$7.19 cum-dividend or A$4.00 ex-dividend.

The dividend payment will appeal to companies because it will not be taxable in their hands. The Wreckair directors believe that the dividend would be taxable for most private shareholders and they will get the maximum benefit by offering their holdings on a cum-dividend basis.

Wreckair yesterday released profit figures which showed a decline of 3 per cent to A$1.76m for the year to December. The directors of the plant hire group pointed out that the Repco offer price was well above the net tangible asset backing of the shares and represented a multiple of 13 times 1980 earnings.

The Wreckair move follows a A$65m on-market bid in November for Actrol, the engineering group. Repco ended up with 85 per cent of the capital and intends a further bid to mop up the remainder.

Mr. Neil Walford, Repco chairman, said yesterday that Actrol and Wreckair would add A$210 of turnover to Repco in 1981-82, almost all of it outside the automotive field, satisfying Repco's desire for major diversification.

Advance by Sanyo Electric

By Richard C. Hanson in Tokyo

SANYO ELECTRIC, the second largest comprehensive maker of home appliances and electronic goods in Japan, raised its net profit by 39.8 per cent in the year ended November 30 to Y21.15bn ($104m), a new record.

Sales rose 16.5 per cent to Y680.59bn ($3.3bn) as the result of an increase in exports. Domestic sales dipped slightly, for the first time in several years. Sales of air conditioners, heaters, and other major household items were hit by unseasonal weather.

Exports, on the other hand, jumped 44 per cent, to account for a little more than half of the total, compared with 42 per cent in the previous year. Demand was particularly strong for home video tape recorders.

Sanyo expects the recent strength of the yen may pinch exports somewhat this year, but that consumer spending in Japan should turn upwards by the second half. The sales forecast for this year calls for a 13 per cent rise, to Y770bn. Net profits are expected to be up by 14 per cent, to Y24bn.

Thomas Nationwide buys out Bulkships minority

BY OUR SYDNEY CORRESPONDENT

THOMAS NATIONWIDE Transport (TNT), the international transport and shipping group, has bought the remaining 37.5 per cent of Bulkships, the shipping company, for A$46.87m (U.S.$55m). TNT, which already held 62.5 per cent of Bulkships, has bought the interest from McIlwraith McEacharn.

TNT also holds more than 45 per cent of McIlwraith, which has been expanding recently into coal, and together with Shell and AMP Society, the life office, last year acquired the New South Wales producer, Bellambi Coal.

The TNT purchase values Bulkships at A$125m, and the TNT directors said the consideration was covered by tangible assets.

A cash consideration of only A$2.9m is involved in the deal. The remainder will come from the issue of 7.2m 10 per cent convertible notes, at an issue price of A$2.75, and of A$24.2m of 12.5 per cent unsecured notes, half of which mature on January 1, 1985, and the other half a year later. The convertible notes mature on January 1, 1991, and can be converted each December 31, starting in 1982.

In addition to the Bulkships move, TNT yesterday announced the acquisition for U.S.$3m of Indian River Transport Company, which is based in Florida.

Alumax reconsiders part in A$550m smelter

BY OUR SYDNEY CORRESPONDENT

ALUMAX, the aluminium group, is considering pulling out of a proposed A$550m aluminium smelter in New South Wales. Alumax yesterday issued a statement which said that it was "re-examining the economic viability" of a smelter proposed at Lochinvar in the Hunter River region of NSW. But it said that Alumax was still a financial participant in the venture and was currently proceeding towards the approval of the project.

The statement was released amid reports that the Alumax smelter and another smelter planned by a consortium headed by Pechiney, the French group, were under a cloud because of attempts by the NSW state Government to renegotiate electricity power supply contracts.

Pechiney and its major partner, CSR, have stated that they are still committed to their smelter, but it is suggested that they are opposed to any attempt to renegotiate power supply contracts at this late stage. The Lochinvar smelter consortium comprises Alumax, 45 per cent, Broken Hill Proprietary Company, 35 per cent, and Mitsui of Japan, 20 per cent. Alumax itself is owned by Amax of the U.S. and Mitsui.

COMPANY NOTICES

PUBLIC NOTICES

PERSONAL

RESIDENTIAL PROPERTY

Companies and Markets

CURRENCIES, MONEY and GOLD

$ and £ strong

Dollar was firm in thin nervous foreign exchange trading, touching its highest level for *some time against* major European currencies, including the D-mark, and an all time peak *in terms of* the Italian lira. The dollar advanced despite the lower trend in Eurodollar *interest rates*, as the *market* reacted to President Reagan's economic plans, and news of the *imminent end of domestic oil* price control.

Sterling also remained firm, *rising to a seven year high* against major currencies in general, and continuing to *advance against the Swiss franc* the D-mark and other members of the European Monetary System.

European currencies weakened against the dollar, sterling and *Japanese yen. Within the EMS* the Italian lira and D-mark remained depressed, but the *Belgian franc replaced the* D-mark as the second weakest member of the system.

DOLLAR — trade weighted index (Bank of England calculation) rose to 88.0 from 87.8. The U.S. currency remained in demand, rising to DM 2.0690 from DM 2.0520 against the D-mark, *the highest level since July 1978*, after touching DM 2.0750. The dollar rose to SwFr 1.8690 from SwFr 1.8525 in terms of the Swiss franc, but eased to Y202.10 from Y203.50 against the very strong yen.

STERLING — trade weighted index (Bank of England) rose to 81.2 from 81.0, the highest since December 1973, after opening at 81.4, and standing at 81.2 at noon. Sterling rose in line with the dollar in early trading, and finished at its highest level for nearly five years against the *D-mark at DM 4.9750, compared* with DM 4.9600 on Monday, and closed at its best level since June *1974 in terms of the French* franc. The pound opened at $2.4150 against the dollar and eased to $2.4125 in the morning, but rose to $2.4220-2.4230 in the early afternoon. it fell to $2.4000-2.4010 in late trading, and closed at $2.4040-2.4055, a fall of 1.1750 cents on the day.

D-MARK — Remaining weak near the bottom of the European Monetary System, reflecting Germany's poor balance of payments position and slower-than-expected economic growth rate. *The steadier* **trend in U.S. interest rates has also depressed the D-mark, with tension over** *Poland still a market factor*— The Bundesbank intervened to sell a further $9.4m at the *Frankfurt fixing, compared with* $10m on Monday, as the dollar rose to DM 2.0593 from *DM 2.0468. It is probable that* the German central bank also intervened on a small scale in *open trading, despite the thin* level of trading, as the U.S. currency rose to an eighteen-*month peak. The fixing level for* the dollar was the highest since July 1978. Last Wednesday the *dollar fell to DM 1.9885 from* DM 2.0075 at the fixing, but has since risen sharply to around *DM 2.0750 yesterday afternoon.*

ITALIAN LIRA — Weakest member of the EMS and at record lows against the dollar and sterling. Recent dollar strength has also increased *concern over a deterioration in* **Italy's trade balance, with many imports, including oil, paid for** *in dollars—The lira remained* depressed at the Milan fixing, as the U.S. dollar rose to a record L978.05 from L972.30 on Monday. Sterling was also at a peak against the lira, rising to around L2,370 in the afternoon from L2,341 at the Monday fixing.

JAPANESE YEN—Very firm *despite* **recent dollar strength, underpinned by Japan's improving economic performance**—The yen was slightly easier against the dollar in Tokyo, with the U.S. currency closing at Y202.75.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU January 27	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	41.6444	+4.66	+1.01	±1.53
Danish Krone	7.72336	7.99295	+3.49	−0.16	±1.64
German D-Mark	2.48208	2.59591	+4.59	+0.94	±1.125
French Franc	5.84700	5.98386	+2.34	−1.31	±1.3557
Dutch Guilder	2.74362	2.81344	+2.76	−0.89	±1.512
Irish Punt	0.668201	0.693334	+3.76	+0.11	±1.668
Italian Lira	1157.79	1232.91	+6.49	+2.89	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

THE POUND SPOT AND FORWARD

Jan. 27	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.4000-2.4230	2.4040-2.4065	0.95-1.05c dis	−4.99	2.50-2.60dis	−4.24
Canada	2.8620-2.8810	2.8840-2.8855	0.75-0.85c dis	−3.35	2.15-2.30dis	−3.11
Nethlnd.	5.37½-5.42½	5.39½-5.40½	2⅛-1⅞c pm	4.72	6½-5¼ pm	4.26
Belgium	79.60-80.08	79.80-79.90	20-10c pm	2.25	44-34 pm	1.95
Denmark	15.24-15.31	15.29½-15.30½	4½-2½ore pm	2.74	3¾-1¾ pm	0.62
Ireland	1.3240-1.3335	1.3295-1.3305	0.14p pm-par	0.63	0.33-0.13 pm	0.69
W. Ger.	4.95-5.00	4.97-4.98	2½-1½pf pm	4.82	6-5 pm	4.43
Portugal	130.90-132.10	131.00-131.20	30c pm-60 dis	−1.37	10-115 dis	−1.91
Spain	196.00-197.35	196.10-196.20	20c pm-60 dis	−1.22	155-240 dis	−4.03
Italy	2,354-2,366	2,357-2,358	9-10 lire dis	−4.58	24½-27½ dis	−4.41
Norway	12.90-12.97	12.92¾-12.93¾	3¼-1½ore pm	2.26	4⅞-3 pm	1.22
France	11.43-11.49	11.47½-11.48½	4½-3½c pm	4.18	9-8 pm	2.96
Sweden	10.85-10.93	10.86½-10.87½	9⅞-10⅞ore dis	−11.46	28¼-29¼dis	−10.67
Japan	485-485	486½-487½	2.75-2.50y pm	6.47	6.60-6.20 pm	5.28
Austria	35.10-35.30	35.25-35.30	15-12gro pm	4.59	38-32½ pm	4.00
Switz.	4.46-4.51	4.49-4.50	3¾-2¾c pm	7.67	9-8 pm	7.56

Belgian rate is for convertible francs. Financial franc 79.95-80.05. Six-month forward dollar 4.25-4.40c dis, 12-month 5.80-6.05c dis.

THE DOLLAR SPOT AND FORWARD

Jan. 27	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.4000-2.4230	2.4040-2.4055	0.95-1.05c dis	−4.99	2.50-2.60dis	−4.24
Ireland†	1.8070-1.8270	1.8070-1.8110	0.80-0.90c dis	−5.62	2.20-2.40dis	−5.07
Canada	1.1880-1.1910	1.1907-1.1910	0.14-0.09c pm	1.15	0.35-0.30 pm	1.09
Nethlnd.	2.2265-2.2450	2.2360-2.2370	1.90-1.80c pm	9.93	4.78-4.68 pm	8.45
Belgium	32.91-33.28	33.21-33.23	22½-21c pm	7.87	54-51 pm	6.33
Denmark	6.3075-6.3625	6.3075-6.3090	4-3½ore pm	7.13	7½-7 pm	4.60
W. Ger.	2.0460-2.0750	2.0685-2.0695	1.72-1.67pf pm	9.83	4.51-4.46 pm	8.67
Portugal	54.45-54.70	54.45-54.55	50-15c pm	7.14	85-15 pm	3.68
Spain	81.35-81.85	81.65-81.85	40-10c pm	3.68	20 pm-10 dis	0.24
Italy	972.00-978.10	972.00-973.00	½ lire pm-½ dis	—	par-1½ dis	−0.31
Norway	5.3320-5.3675	5.3440-5.3450	3¾-3¼ore pm	7.86	7½-7 pm	5.43
France	4.7280-4.7775	4.7725-4.7775	3.57-3.47c pm	8.87	8.60-8.40 pm	7.14
Sweden	4.5130-4.5350	4.5320-4.5335	7½-8ore dis	−20.56	11½-12 dis	−10.39
Japan	201.70-203.00	202.05-202.15	1.80-1.75y pm	10.84	4.90-4.75 pm	9.55
Austria	14.49-14.63½	14.62½-14.63½	11.30-10.70gro pm	9.02	30.50-29.00pm	8.13
Switz.	1.8550-1.8750	1.8685-1.8695	2.06-1.99c pm	13.00	5.55-5.48 pm	11.80

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Jan. 27	Bank of England Index	Morgan Guaranty Changes%
Sterling	81.2	−22.8
U.S. dollar	88.0	−6.5
Canadian dollar	79.9	−18.4
Austrian schilling	144.0	+21.9
Belgian franc	110.4	+10.4
Danish kroner	99.5	−8.8
Deutsche mark	143.1	+37.5
Swiss franc	183.4	+74.8
Guilder	121.6	+16.7
French franc	94.9	−8.8
Lira	49.2	−53.1
Yen	146.8	+43.8

Based on trade weighted changes from *Washington* agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

Jan. 26	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.523785	0.524214
U.S. $	13	1.25944	1.26168
Canadian $	16.97	1.49825	1.50114
Austria Sch.	6¾	18.2808	18.3069
Belgium F.	12	41.3946	41.5660
Danish K.	11	7.91873	7.96939
D'mark	7½	2.58009	2.59426
Guilder	8	2.79848	2.81354
French Fr.	9½	5.95463	5.98161
Lira	16½	1224.49	1231.71
Yen	7¼	254.533	256.650
Norwgn. Kr.	9	6.68133	6.71465
Spanish Pts.	8	102.324	102.547
Swedish Kr.	12	5.65174	5.68953
Swiss Fr.	3	2.33097	2.34104
GreekDr'ch.	—	Unavail	60.5934

OTHER CURRENCIES

Jan. 27	£	$		£ Note Rates
Argentina Peso	4861-4881	2005-2028	Austria	34.90-35.30
Australia Dollar	2.0420-2.0460	0.8490-0.8495	Belgium	79.40-80.20
Brazil Cruzeiro	164.37-165.37	68.10-68.44	Denmark	15.21-15.36
Finland Markka	9.470-9.476	3.9400-3.9440	France	11.40-11.50
Greek Drachma	114.061-117.561	48.10-48.20	Germany	4.95-4.99½
Hong Kong Dollar	12.61½-12.63	5.2325-5.2375	Italy	2345-2430
Iran Rial	176.30*	73.10*	Japan	486-492
Kuwait Dinar(KD)	0.653-0.659	0.2720-0.2722	Netherlands	5.36-5.41
Luxembourg Frc.	79.80-79.90	33.21-33.23	Norway	12.88-13.00
Malaysia Dollar	5.3475-5.3575	2.2180-2.2200	Portugal	128½-144½
New Zealand Dlr	2.5050-2.5100	1.0410-1.0420	Spain	191¼-201
Saudi Arab. Riyal	8.00-8.06	3.3308-3.3323	Sweden	10.90-11.00
Singapore Dollar	5.0050-5.0150	2.0765-2.0785	Switzerland	4.46½-4.51
Sth African Rand	1.8085-1.8095	0.7520-0.7525	United States	2.41¼-2.43¼
U.A.E. Dirham	8.83-8.89	3.6710-3.6730	Yugoslavia	82-87

Rate given for Argentina is free rate. * Selling rate.

EXCHANGE CROSS RATES

Jan. 27	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.405	4.975	487.0	11.48	4.495	5.400	2358.	2.865	79.85
U.S. Dollar	0.416	1.	2.069	202.5	4.774	1.869	2.246	980.4	1.191	33.21
Deutschemark	0.201	0.483	1.	97.89	2.308	0.904	1.085	473.9	0.576	16.05
Japanese Yen 1,000	2.053	4.938	10.22	1000.	23.57	9.230	11.09	4841.	5.882	164.0
French Franc 10	0.871	2.095	4.334	424.2	10.	3.916	4.704	2054.	2.495	69.56
Swiss Franc	0.222	0.535	1.107	108.3	2.554	1.	1.201	524.5	0.637	17.73
Dutch Guilder	0.185	0.445	0.921	90.19	2.126	0.832	1.	436.6	0.531	14.79
Italian Lira 1,000	0.424	1.020	2.110	206.6	4.870	1.907	2.291	1000.	1.215	33.87
Canadian Dollar	0.349	0.839	1.737	170.0	4.007	1.569	1.885	822.9	1.	27.87
Belgian Franc 100	1.252	3.012	6.230	609.9	14.38	5.629	6.763	2952.	3.588	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JANUARY 27)

3 months U.S. dollars		6 months U.S. dollars	
bid 18 3/8	offer 18 1/2	bid 17 1/4	offer 17 3/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, *of the bid and offered rates of $10m quoted by the market to five reference banks* at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Jan. 27	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertable	Japanese Yen
Short term	14¼-14½	18⅛-18⅝	16-17	9-9⅛	2-2¼	8⅞-9	10½-10¾	18-20	9½-10	9¼-9¾
7 days' notice	14⅜-14⅝	18½-18¾	16-17	9-9⅛	11-11½	8⅞-9⅛	9¼-9¾	17-19	9½-10	8⅜-8⅝
Month	14⁵⁄₁₆-14⁷⁄₁₆	19⅛-19⅜	18⅛-18⅛	9¹⁄₁₆-9³⁄₁₆	5⅞-6	9⅛-9¼	10⅜-10⅝	19¼-20¼	11¾-11⅞	8⅛-8⅜
Three months	14⁵⁄₁₆-14⁷⁄₁₆	18⁷⁄₁₆-18⁹⁄₁₆	17¼-17⅝	9⅜-9½	6⁵⁄₁₆-6⁹⁄₁₆	9⁵⁄₁₆-9⁹⁄₁₆	10⁵⁄₁₆-10⁹⁄₁₆	18½-19½	12⅛-12¼	8⁵⁄₁₆-8⁹⁄₁₆
Six months	13¹¹⁄₁₆-13¹³⁄₁₆	17⁵⁄₁₆-17⁹⁄₁₆	15¾-16⅛	9½-9⅝	6⅛-6¼	9⁵⁄₁₆-9⁹⁄₁₆	11¹⁵⁄₁₆-12¹⁄₁₆	18¼-19¼	12⁷⁄₁₆-12⁹⁄₁₆	8⁵⁄₁₆-8⁹⁄₁₆
One Year	13⅜-13½	15⅞-16⅛	15-15⅝	9¾-9⅞	6⅛-6¼	9⅛-9¼	12⅝-12⅞	18⅛-19⅛	12½-12⅝	8⁷⁄₁₆-8¹¹⁄₁₆

SDR linked deposits: one-month 14³⁄₁₆-14⁵⁄₁₆ per cent; three-months 13¹³⁄₁₆-14³⁄₁₆ per cent; six-months 13⅜-13⅝ per cent; one year 12¹³⁄₁₆-13³⁄₁₆ per cent.

Asian $ (closing rates in Singapore) one-month 19¹³⁄₁₆-19¹⁵⁄₁₆ per cent; three-months 18⁵⁄₁₆-18⁷⁄₁₆ per cent; six-months 17¼-17¼ per cent; one-year 15⅞-16 per cent. Long-term European two years 15¼-15½ per cent; three years 14⅞-15⅛ per cent; four years 14⅝-14⅞ per cent; five years 14½-14¾ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 18.15-18.25 per cent; three-months 17.80-17.90 per cent; six-months 16.50-16.60 per cent; one year 15.60-15.70 per cent.

INTERNATIONAL MONEY MARKET

Belgian rates fall

Short term Treasury bill rates were cut for the third time this *month in Brussels yesterday with* the Belgian National Bank cutting the rate on one, two and three-month bills by 0.15 per cent. One-month bills now stand at 11.60 per cent, two-month at 11.85 per cent, and three-month 12.19 per cent. At the same time the rate on four-month bond fund paper was also reduced by 0.15 per cent to 12.35 per cent. Yesterday's move involved a relatively small amount, and was unlikely to affect the Belgian franc, with the latter remaining close to its lowest permitted level *in terms of the French franc.* However recent weakness in the D-mark should ensure that the Belgian franc is *not put* under too much pressure.

In Frankfurt call money was quoted at 9.10-9.20 per cent, unchanged from Monday, with longer term rates also unchanged. One-month money stood at 9.30-9.40 per cent, and three-month at 9.40-9.50 per cent.

French call money stood at 10¾ per cent the same as previously, with period rates in *Paris also static.*

In Amsterdam subscriptions were due on the latest 10¾ per cent State Bond. Demand should be sufficient to ensure up to a 1 per cent premium according *to dealers, with speculation that* the authorities may take in a record Fl 800m due to the amount of interest shown in the bond. In the money market call money stood at 8¾-9 per cent compared with 8¾-9 per cent previously, with longer term rates unchanged.

MONEY RATES

NEW YORK

Prime Rate	20
Fed Fund	18¼-18½
Treasury Bills (13-week)	15.24
Treasury Bills (26-week)	14.12

GERMANY

Discount Rate	7.5
Overnight Rate	9.15
One month	9.35
Three months	9.45
Six months	9.30

FRANCE

Discount Rate	9.5
Overnight Rate	10.75
One month	10.875
Three months	11.375
Six months	12.1875

JAPAN

Discount Rate	7.25
Call (Unconditional)	9.0
Bill Discount (three-month)	8.90625

UK MONEY MARKET

Full supply

Bank of England Minimum Lending Rate 14 per cent (from November 24, 198)

Day to day credit was in good supply in the London money market yesterday, and the authorities took out some of the surplus by selling a small amount of Treasury bills both to discount houses and banks. The market was helped by excess balances brought forward by banks on a moderate scale. There were no appreciable factors on the other side. Discount houses were paying 13-13½ per cent for secured call loans at the start, with later balances taken between 12½ per cent and 13 per cent.

In the interbank market overnight loans opened at 14¼-14½ per cent and eased to 14-14¼ per cent on the forecast of a slight surplus before coming back to 14¼-14½ per cent. By noon rates had slipped to 13¾-14 per cent and fell away during the afternoon to close at 11-11½ per cent.

GOLD

Further fall

Gold fell $12 in active London *bullion trading to close at $516-*519. It opened at $513-516 and touched a low of $512-515. The *metal was fixed at $517.00 in the* morning but recovered to $524.00 at the afternoon fixing. Gold touched a peak of $525-528 but lost ground in late trading, reflecting the strength of the dollar.

In Paris the 12½ kilo gold bar was fixed at FFr 82,500 per kilo ($540.55 per ounce) in the afternoon, compared with FFr 83,000 ($543.71) in the morning, and FFr 88,000 ($578.91) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 34,290 per kilo ($517.98 per ounce), compared with DM 34,960 ($531.04) previously, and finished at $523-526, against $527-530.

In *Zurich* gold closed at $524-525 compared with $526-529.

	Jan. 27		Jan. 26	
Gold Bullion (fine ounce)				
Close	$516-519	(£212⅝-213⅞)	$528-531	(£218¾-220)
Opening	$513-516	(£214¼-215½)	$540-543	(£223½-224¾)
Morning fixing	$517	(£214.274)	$530.25	(£220.066)
Afternoon fixing	$524	(£216.887)	$525.50	(£219.386)
Gold Coins				
Krugerrand	$533-535	(£221¾-222½)	$543-545	(£225-225¾)
1/2 Krugerrand	$275-279	(£114½-116)	$280-284	(£116-117¾)
1/4 Krugerrand	$140-144	(£58¼-60)	$142-146	(£58¾-60½)
1/10 Krugerrand	$57-61	(£23¾-25¼)	$57½-61½	(£23¾-25½)
Mapleleaf	$530-532	(£220½-221¼)	$538-541	(£222¾-224)
New Sovereigns	$131-132½	(£54½-55)	$133-134	(£55-55½)
King Sovereigns	$157-159	(£65¼-66¼)	$160-163	(£66¼-67½)
Victoria Sovs	$157-159	(£65¼-66¼)	$160-163	(£66¼-67½)
French 20s	$164-167	(£68¼-69½)	$161-163	(£66¾-67½)
50 pesos Mexico	$648-652	(£269½-271¼)	$660-664	(£273½-275)
100 Cor. Austria	$505-509	(£210-211¾)	$515-518	(£213¼-214½)
$20 Eagles	$647-652	(£269-271¼)	$655-665	(£271¼-275½)

LONDON MONEY RATES

Jan. 27 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Discount Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	11-14½	14-14¼	—	—	13-14½	12½-13¼	—	—	—
2 days notice	—	—	14⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14¼-14⅜	14⅜-14½	—	14⅝	14½-14⅝	13½-13⅝	—	—	—
One month	14⁷⁄₁₆-14⅜	14⁷⁄₁₆-14⅜	14¹⁄₁₆-14½	15¼-14⅞	14¾	14⅞	13¾-13⅞	12⅜	13¾	14¾
Two months	14⅜-14¼	14⅜-14½	—	14½-14⅛	14⅝	14⅞	13½-13⅝	12⅞	13⅝	14½
Three months	14⅛-13⅞	14 14⅛	14⅛	14⅛-13⅞	14⅜	14½-14⅝	13¼-13½	12⅜	13⅛-13⅜	14
Six months	13⅞-13⁵⁄₁₆	13⅞-13⅞	13⅞	13⅝-13¼	13⅞	14	—	—	12⅞-12⅞	13⅞
Nine months	13⅞-13⅞	13⅞-13⅞	—	13⅞-13½	13¾	13⅞	—	—	—	—
One year	13⅛-12⅞	13⅞-13⅞	13¼-13⅜	13½-13⅛	13½	13⅜	—	—	—	—
Two years	—	—	13½-13⅝	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13½-13¾ per cent; four years 13⅜-13¾ per cent; five years 13⅜-13¾ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13 per cent; four-month trade bills 13¾ per cent.

Approximate selling rate for one-month Treasury bills 12¹³⁄₁₆ per cent; two-months 12¾ per cent; three-months 12¹¹⁄₁₆ per cent. Approximate selling rate for one-month bank bills 13¹¹⁄₃₂ per cent; two-months 13⅜-13¹¹⁄₃₂ per cent; three-months 13 per cent; one-month trade bills 14½ per cent; two-months 14¼ per cent and three-months 13¾ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 15½ per cent from January 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 12.7541 per cent.

WORLD STOCK MARKETS

Early Dow advance of 10.3

BULLISH EARNINGS news, a dividend increase from U.S. Steel, and interest rate developments, helped Wall Street to stage a good rally yesterday morning in active trading.

In addition, Oils were boosted by news from White House officials that President Reagan will order decontrol of crude oil prices today rather than let them expire by law in October.

The Dow Jones Industrial Average picked up 10.32 to 949.23 at 1 pm, while the NYSE All Common Index recovered 7½ cents to $75.19. Rises outpaced falls by a two-to-one margin after volume of 30.08m shares, against Monday's 1 pm figure of 23.48m.

Chemical Bank cut its Broker Loan Rate to 20 per cent from 20½ per cent. Broker Rate changes often precede Prime Rate moves. Major banks are charging 20 per cent on Prime corporate loans.

Treasury Secretary Regan said in Senate testimony that Administration "budget cuts will be of a much higher magnitude than people thought." Wall Street hopes the new Administration will make good its promises to cut Federal spending.

U.S. Steel climbed 1½ to $25½, Bethlehem Steel 1½ to $24¼, Republic 1½ to $23¼ and LTV ½ to $19¼.

Consolidated Edison of New York raised its dividend and picked up ½ to $24¼ despite lower fourth-quarter net profits.

Merrill Lynch put on ¼ to $34 and E. F. Hutton 1½ to $27¼. Both reported sharply higher fourth-quarter earnings.

THE AMERICAN SE Market Value Index rose 3.94 to 342.51 at 1 pm. Volume 3.41m shares.

Canada

Shares showed a firmer bias in Canada in fairly busy early trading after six consecutive declining sessions. The Toronto Composite Index regained 5.2 to 2,202.6 at noon, while Oil and Gas put on 20.6 at 4,367.0 and Metals and Minerals 11.4 at 2,168.7. Golds, down 248.0 on Monday, were just 0.7 easier at 3,942.2 on index.

Closing prices for North America were not available for this edition.

Toyko

Shaking off its recent reactionary trend, the market showed renewed selective firmness yesterday in fairly active trading, helped by a resumption of foreign buying.

Natural Resources issues, Precision Instruments, Pharmaceuticals and a number of other Blue Chips advanced, although recently strong high-priced Light Electricals remained easier on profit-taking, while Shipbuildings ended lower after initial firmness. Some speculatives also declined.

The Nikkei-Dow Jones Average moved ahead 35.61 to 7,285.03 and the Tokyo SE index gained 1.64 to a new 1980-81 peak of 509.16. Advances outpaced falls on the First Market section by 371 to 291 after volume of 380m shares (250m).

Arabian Oil rose Y70 to Y3,200, **Mitsubishi Oil** Y17 to Y441, **Nippon Oil** Y60 to Y1,420, **Sumitomo Colliery** Y5 to Y270, **Fuji Photo Film** Y28 to Y980, **Minolta** Y12 to Y735, **Hitachi** Y3 to Y325, **Takeda Chemical** Y20 to Y729 and **Ajinomoto** Y19 to Y850.

Trading House **Mitsubishi** put on Y9 to Y674, while Electric Wire Manufacturers gained fresh ground, **Sumitomo Electric** adding Y17 at Y358.

Germany

Stock prices continued to decline in what brokers called nervous, listless trading. The Commerzbank index dipped 7.1 more to 669.7, only slightly above the 1980-81 low of 667.0 recorded on March 27 last year.

Sentiment was further undermined by the weakness of the Deutsche Mark as well as by the Parliamentary debate on West Germany's budget. Public works and defence spending, as well as Government borrowing on the capital market, will be determined by the outcome of the debate and voting on Budget items.

The recent fall in the market has led some chartists to believe a major break point is approaching and could herald a further decline in share prices, one dealer said.

Australia

Markets suffered their worst single day's setback of the year so far as nervous selling sent the Mining and Oil sectors sharply lower, with Industrials following the downtrend.

Hopes for a technical rally to end a five-day stock market slide evaporated at the opening on Gold's $30 fall overnight in New York to $521.50 followed by a further decline in Hong Kong to $512-514.

The Australian All Ordinaries index finished the day 14.0 weaker at 655.2, making a loss of 72.7 since January 7. The Metals and Minerals index retreated 23.1 to 601.3 and Oil and Gas 25.5 to 889.2.

Gold stocks saw some of the heaviest losses, led by **Central Norseman**, which fell 90 cents to A$7.20. **GMK** and **Poseidon** each receded 80 cents to A$7.00 and A$4.50 respectively.

Elsewhere, **BHP** shed 50 cents to A$14.70, **CRA** 25 cents to A$4.75, **Western Mining** 11 cents to A$4.85, **Pancontinental** 30 cents to A$10.00 and **CSR** 16 cents to A$6.44.

Shale Oil leaders were sold down hard, but some of the second liners held up on speculation buying.

Conventional Oils fell, partly in line with the general trend in the market, and partly on disappointing exploration news. **Santos** shed 40 cents to A$16.80, **Vamgas** 60 cents to A$6.40, **Woodside** 7 cents to A$2.90 and **Strata Oil** 40 cents to A$3.45.

Hong Kong

The market finished sharply higher after active trading, with the Hang Seng index scoring an advance of 39.34 at 1,580.19. Total turnover on the four exchanges expanded to HK$468.75m from Monday's HK$343.70m.

Investors ignored sharp falls in Gold Bullion prices and the value of the Hong Kong dollar, and took their buying cue from Southwest Bank of St. Louis' decision to cut Prime Rate by one point to 19 per cent. Although small, this American bank has often led downward movements in U.S. Prime Rate, and the market feels it could do so again.

Paris

A further broad stock market retreat was seen in active trading, with events on the Foreign Exchange and Bullion markets continuing to upset investors.

Switzerland

Domestic share prices drifted lower in active Settlement Day trading, with sentiment further depressed by uncertainty over interest rates and a weak Bond market.

Johannesburg

After Monday's sharp setback, Gold shares further receded early yesterday in line with the weaker Bullion price. However, prices recovered in the afternoon session as analysts predicted a rally, leaving a majority of issues firmer on the day after nervous trading.

High-priced stocks gained as much as 200 cents, but about a dozen shares closed at lower levels than they opened.

One broker predicted that the rally would last no longer than a few days before the market started falling again.

Industrials remained a weak sector. Besides rising interest rates, investors are concerned that the lower gold price will filter through to the rest of the economy, dampening consumption and investment demand and, as a result, corporate profits and dividends.

Indices

NEW YORK —DOW JONES

	Jan. 26	Jan. 23	Jan. 22	Jan. 21	Jan. 20	Jan. 19	1980/81 High	1980/81 Low	Since Cmpil't'n High	Since Cmpil't'n Low
◆Industr'ls	959.81	940.19	940.44	948.26	959.68	970.99	1004.69 (6/1/81)	759.13 (21/4)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	64.62	64.81	64.90	65.58	65.55	65.55	76.81 (23/6)	60.96 (18/12)	—	—
Transport.	389.19	391.61	392.03	392.46	394.88	403.55	425.68 (28/11)	233.69 (27/3)	425.68 (28/11/80)	12.23 (8/7/32)
Utilities	111.47	111.76	113.00	113.80	113.80	114.35	117.83 (5/1/81)	96.04 (27/3)	163.32 (20/4/69)	10.5 (28/4/42)
Trading Vol 000's	35,580	37,220	38,880	39,190	41,750	38,470	—	—	—	—

◆Day's high 947.70 low 930.89

	Jan. 16	Jan. 9	Jan. 2	Year ago (approx)
Ind. div. yield %	5.58	5.61	5.59	6.40

STANDARD AND POORS

	Jan. 26	Jan. 23	Jan. 22	Jan. 21	Jan. 20	Jan. 19	1980/81 High	1980/81 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	147.51	147.85	147.90	149.10	149.40	152.84	160.96 (28/11)	111.09 (27/7)	160.96 (28/11/80)	3.52 (30/6/32)
§Composite	129.84	130.23	130.26	131.56	131.66	134.37	140.52 (28/11)	96.22 (16/2/80)	140.52 (28/11/80)	4.40 (1/6/32)

	Jan. 22	Jan. 14	Jan. 7	Year ago (approx)
Ind. div. yield %	4.53	4.45	4.39	4.97
Ind. P/E Ratio	9.30	9.41	9.52	8.14
Long Gov. Bond Yield	12.13	11.75	11.52	10.68

N.Y.S.E. ALL COMMON

Jan. 26	Jan. 23	Jan. 22	Jan. 21	1980/81 High	1980/81 Low
74.45	74.72	74.75	75.39	81.02 (28/11)	55.30 22/1/80

Rises and Falls	Jan. 26	Jan. 23	Jan. 22
Issues Traded	1,880	1,872	1,865
Rises	557	683	468
Falls	920	775	1,024
Unchanged	403	414	373
New Highs	16	25	25
New Lows	33	20	20

MONTREAL

	Jan. 26	Jan. 23	Jan. 22	Jan. 21	1980/81 High	1980/81 Low
Industrials	(u)	385.82	379.62	372.27	425.80 (23/2/80)	326.31 (27/3)
Combined	(u)	346.48	351.33	352.71	378.96 (28/10)	296.90 (27/3)
TORONTO Composite	2197.4	2224.0	2258.2	2243.8	2402.2 (28/11)	1702.5 (27/3)

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Am. Tel. & Tel.	359,400	50⅞	+¼	Texaco	688,900	42⅛	−1⅛
General Motors	338,500	44¼	−1	Transamerica	562,300	18¼	−¼
IBM	305,800	65¾	+⅜	Southern	559,400	11⅞	−¼
First Penn. Mort.	282,100	1	−⅛	NLT	457,900	26⅛	+1⅞
Sony	278,400	15⅞	−⅛	Texas Intl.	404,700	56⅝	−½

	Jan. 27	Jan. 26	Jan. 23	Jan. 22	1980/81 High	1980/81 Low
AUSTRALIA All Ord. (1/1/80)	655.2	(c)	669.2	678.7	746.2 (17/11)	509.1 (3/1/80)
Metal & Minrls. (1/1/80)	601.3	(c)	624.4	639.4	878.0 (17/11)	492.3 (26/5)
AUSTRIA Credit Aktien (2/1/62)	64.54	64.58	64.65	64.57	69.40 (7/1/80)	64.36 (20/1/81)
BELGIUM Belgian SE (31/12/63)	82.91	83.65	83.33	82.86	105.75 (11/2/80)	82.42 (7/1/81)
DENMARK Copenhagen SE (1/1/73)	101.28	100.61	100.54	100.74	101.28 (27/1/81)	74.78 (5/3)
FRANCE CAC General (29/12/61)	106.8	104.0	104.9	105.8	120.3 (5/11)	97.1 (6/1/80)
Ind Tendance (31/12/80)	(u)	95.7	96.3	96.1	100.0 (31/12/80)	95.7 (26/1/81)
GERMANY FAZ-Aktien (31/12/58)	218.82	220.08	221.33	221.31	238.89 (25/2/80)	212.73 (26/3)
Commerzbank (Dec. 1953)	669.7	676.8	682.3	682.9	749.2 (25/2/80)	667.0 (27/3)
HOLLAND ANP-CBS General (1970)	87.1	87.6	87.5	87.3	89.8 (21/11)	74.0 (27/3)
ANP-CBS Indust. (1970)	64.4	64.6	64.4	64.5	69.2 (11/1/80)	53.2 (28/3)
HONG KONG Hang Seng Bank (31/7/64)	1580.19	1540.85	1531.42	1552.27	1854.57 (13/11)	738.9 (19/3)
ITALY Banca Comm. Ital (1972)	209.57	209.95	206.01	203.12	209.55 (26/1/81)	95.11 (2/1/80)
JAPAN Dow Average (16/5/49)	7285.03	7249.42	7287.52	7295.28	7515.56 (21/1/81)	6475.93 (27/3)
Tokyo New SE (4/1/68)	509.16	507.52	509.15	508.58	509.16 (27/1/81)	449.01 (10/5)
NORWAY Oslo SE (1/1/72)	119.74	120.54	120.58	120.57	144.70 (14/2/80)	110.12 (28/8)
SINGAPORE Straits Times (1966)	724.50	726.78	719.07	711.65	726.78 (26/1/81)	429.75 (8/1/80)
SOUTH AFRICA Gold (1958)	(u)	802.4	868.4	(u)	1026.1 (22/9)	496.5 (18/3)
Industrial (1958)	(u)	585.9	582.4	(u)	680.5 (6/11)	456.0 (2/1/80)
SPAIN Madrid SE (30/12/80)	105.28	(c)	105.15	104.50	105.28 (27/1/80)	100.0 (30/12/80)
SWEDEN Jacobson & P. (1/1/58)	422.72	422.15	419.55	417.79	427.87 (8/1/81)	334.72 (17/1/80)
SWITZERLAND Swiss BankCpn. (31/12/58)	291.7	294.1	295.5	297.1	317.8 (11/2/80)	275.0 (26/3)
WORLD Capital Intl. (1/1/70)	—	164.9	155.5	156.2	164.8 (20/11)	120.5 (27/3)

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities. 40 Financials and 20 Transports. c Closed. u Unavailable.

UK NEWS

Laser scans at the supermarket

David Churchill on planned changes at the checkout

RETAILERS AND manufacturers have agreed in principle on the shared use of sales data captured through new laser-scanning electronic checkout systems.

The agreement is a breakthrough in making full use of the substantial investment in the sophisticated computerised systems being installed by most big supermarket chains.

Although the U.S. and some European countries are further advanced with their laser-scanning systems, the UK agreement is the first in the world to cover how the data collected in this way should be used.

When the systems are in widespread use—most likely by the mid-1980s—both retailers and manufacturers will have access to a more accurate picture of product performance than ever before.

The Article Number Association, which has negotiated the agreement between its retail and manufacturing members, says "it will have considerable impact on sales promotions and will provide a means of measuring the effectiveness of advertising."

The key to the new electronic checkout systems is a 13-digit number allocated by the association to each food or non-food product likely to be sold in a modern supermarket. The number will identify the manufacturer and give full details of the product, including size and weight.

This number, unique to each product, is then translated into a series of bars of varying degrees of thickness. This bar-code is then printed directly on the label by the manufacturer, or added manually in the store by the retailer.

When the bar-code is passed over a low-power laser-scanner installed at the checkout, the information on the bar-code is automatically "read." The price of the product is retrieved from the in-store computer and the price flashed on to a screen by the checkout as well as printed on the customer's till receipt. This system should make it faster for the customer at the checkout as well as eliminating till errors made by checkout operators.

But the main advantage of the new system will be in the degree of management control and financial information given to store management. Primarily this information will be used for stock control, since the computer can keep an automatic record of stock depletions. Eventually, re-ordering of stocks could be handled direct from the retailer's computer to the manufacturer's.

Although there are clear-cut benefits for retailers to introduce the new system, the advantages for manufacturers—who have to print the bar-code on their product labels—were not so obvious.

However, manufacturers were anxious to have access to the data captured by the retailer's computers since this would show their product's performance against competing brands in various stores.

Manufacturers would be able to calculate the effectiveness of different advertising strategies, pack-designs, and in-store promotions. More accurate assessment could be made of customer response to special offers, free gifts, price increases, and new packaging.

Thus, it has been made clear by manufacturers over the past two years that, in return for co-operating with printing the bar-codes on products, they would expect some access to the information collected by supermarkets.

Under the agreement, all association members will pool their data into a central clearing house operated by A. C. Nielsen, a market research company.

A code of practice drawn up by the association stipulates that confidentiality of information between manufacturer and retailer must be maintained, but manufacturers will have access to data for their own products.

No retailer can offer the data exclusively to another company, although the retailer is free to negotiate a separate deal for his data so long as it does not conflict with providing the information to the Nielsen data bank.

The speed with which the new checkout systems are implemented in supermarkets depends on the success of the trial systems currently being tested. The Key Markets supermarket chain has three scanning systems currently in use and now says that out of the ten new stores being opened this year, nine will include laser-scanning checkouts.

Tesco, in spite of the drag on its profits caused by high borrowing, still plans to go ahead with the new systems and says it will have 15 stores using the equipment by early next year.

J. Sainsbury, Asda, and International Stores are among the other groups currently testing the systems before further implementation.

All the systems operating so far use IBM equipment, although Sainsbury's intends to test NCR equipment as well.

● The Argos discount store group is investing nearly £500,000 in new NCR electronic point-of-sale equipment. The system, which is not laser-scanning, is aimed at improving Argos's stock control.

Retailers feel snubbed by Howe

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

BRITAIN'S RETAILERS are angry at what they see as a snub by the Chancellor of the Exchequer over a top-level meeting sought to discuss ways of easing the problems of stores in the present recession.

The Retail Consortium had sought a meeting with Sir Geoffrey Howe to press for special measures to help alleviate the problems of retailers faced with a decline in sales volume.

But Sir Geoffrey, in his letter of reply to the consortium, says: "At this stage I see no prospect that we will be able to find time to meet a deputation from the Retail Consortium."

Lord Peart, consortium chairman, has replied to Sir Geoffrey expressing the consortium's disappointment at being unable to meet the Chancellor.

"We consider that retailers have a vital role to play in the economy; that they have played a major part in restraining inflation in spite of severe increases in their own costs; and that the continued survival and development of retailing contributes to the success of industry," says Lord Peart.

He asks Sir Geoffrey to reconsider his decision and to meet retailers "to discuss at first hand some of their problems and hear some of their ideas."

In its original memorandum to the Chancellor, the consortium says some 2.4m people—or 10 per cent of the workforce—worked in shops and that retailing contributed 10 per cent of the gross domestic product.

CBI quarterly industrial trends survey

Output and demand continue decline

OUTPUT and demand in manufacturing industry have continued to decline rapidly during the past four months, but at a slower rate than last autumn. A further easing of the rate of decline is expected during the next four months.

This is the main general conclusion drawn by the Confederation of British Industry from its quarterly industrial trends survey which also shows that there have been sharp reductions in the number of people employed in manufacturing industry during recent months. These reductions will continue into the spring.

The survey published yesterday, was carried out among more than 1,800 manufacturing companies during the first half of this month. Some 84 per cent of these companies said that they were working below capacity which is roughly the same result as reported in last October's quarterly survey.

Optimism about prospects at home and abroad during the next 12 months have declined further since October, but at a slower rate than in recent surveys. Export orders and deliveries have weakened, but forecasts for the next four months suggest smaller falls.

Investment intentions remain very weak, and increases in unit costs and prices have continued to be less frequent than at any time in the past decade.

Despite the reductions in the overall rate of decline, the CBI stressed yesterday that "this does not mean that the recession is close to its end."

The survey showed that pressures on manufacturing industry were continuing to intensify with orders, output and employment continuing to decline further, said the CBI survey report.

"However companies have now achieved considerable reductions in the levels of their stocks, including those of finished goods and, although further stock reductions over the coming months are planned, these are not expected to be as large as those predicted in our October survey.

"The stock position is one of the factors contributing to expectations of less rapid falls in orders and output in the near future than expected at any time since last April." But the survey revealed no evidence of a recovery on other components of demand.

The detailed survey results show that stocks of raw materials, brought-in supplies, and work-in-progress are all reported to have been reduced in the past four months by record amounts compared with the past four years.

This had been expected; but the survey also shows that the manufacturing companies expect further reductions over

John Elliott, Industrial Editor, interprets the study which documents trade, jobs and investment.

the coming four months, although at a slower rate.

A similar pattern is evident for movements of the volume of stocks of finished goods. Over the past four months, 38 per cent of the survey respondents say that their finished goods stocks have gone down, compared with 16 per cent saying they have risen. This produces a balance of 22 per cent saying that they have reduced rather than increased their stocks. About the same proportion say that their stocks are still more than adequate, rather than less than adequate.

The 84 per cent of companies reporting that they are working below a satisfactory full rate of operations is a record figure for more than 20 years and has remained constant since last October. However, the CBI points out that this month's result represents the first check to the rapid spread of under-utilisation which has been revealed by consecutive surveys since July 1979 when only 51 per cent of respondents reported under-capacity working.

Smaller companies no longer seem to be operating at higher levels of capacity than companies employing more than 500 people. Intermediate goods producers are continuing to experience a higher incidence of below capacity working than the consumer goods producers, and, in particular, than the capital goods sector.

Some 50 per cent of the respondents report a decline in their volume of output, while only 9 per cent report an increase. This indicates that the rate of output decline has slowed slightly because the balance between those reporting a fall rather than an increase has dropped from 49 per cent last October to 41 per cent. Nevertheless, the decline has not stopped.

"Interestingly, given this continuing decline in output, albeit more moderate than previously, the steadying of the spread of below capacity working probably implies that capacity itself has been reduced," comments the CBI.

For the next four months, 11 per cent of participants expect the volume of output to rise, but 27 per cent forecast a fall. The balance of 16 per cent expecting a fall rather than an increase is markedly less negative than earlier balances of 31 per cent last October and 41 per cent last July.

"This result, however, cannot be interpreted necessarily as pointing to the ending of the decline in production levels, merely a slowing down in the extent of the fall," says the CBI.

Significantly, the largest companies employing more than 5,000 people expect the smallest decline in output while, at the other end of the scale, businesses with less than 200 employees are the most pessimistic. This reverses recent trends.

A balance of 46 per cent of the respondents report that their intake of new orders fell rather than increased over the past four months.

This is an improvement on a balance of 61 per cent last October but, says the CBI, the decline is still large and widespread with only one individual industry (shipbuilding and marine engineering) saying it had improved its intake.

Demand is still falling more rapidly for the intermediate goods sector in comparison with consumer and capital goods. Companies in metals industries and paper and printing report rapid falls in general demand while, at the other end of the scale, electrical engineering and the sector covering food, drink and tobacco report only small falls.

A balance of 17 per cent suggests that in the next four months total demand will fall further, but more slowly, because the balance forecasting a decline in October stood at 32 per cent and in July at 47 per cent.

Turning to the volume of total order books, only 3 per cent of the 1,800 companies say that they are operating above a normal level. A report of "below normal" was submitted to the survey by 76 per cent.

"This suggests that order books still remain very weak, although in comparison to October they are now considered to be a little less so," says the CBI, adding that it believes that companies are accepting unduly low operating levels as being normal.

"The suggestion that companies are revising their opinion of normal is supported by the answers to the question on months of production accounted for by orders on hand," adds the CBI.

Just over 80 per cent of the respondents to whom the question was applicable said they had less than four months of assured production (compared with 79 per cent in October) and only 8 per cent said they had more than six months' work.

Falls in employment levels are reported by 74 per cent of the respondents which points to a reduction in manufacturing jobs at a "previously unequalled rate." Over the next four months a balance of 57 per cent of the respondents expect to reduce rather than increase their labour forces.

CBI industrial trends survey No. 79 End-January 1981. Price £90. Centre Point, London WC1.

TOTAL TRADE—All figures are percentages on a weighted sample. Figures in parentheses show the response to the survey carried out last October. Number of respondents, 1,812.

	More	Same	Less
Are you more or less optimistic than you were four months ago about the general business situation in your industry	6 (4)	61 (37)	33 (58)

Do you expect to authorise more or less capital expenditure in the next 12 months than you authorised in the past 12 months on:	More	Same	Less	N/A
(a) Buildings	8 (6)	27 (27)	54 (55)	11 (12)
(b) Plant and machinery	17 (15)	27 (22)	55 (61)	1 (1)

	Yes	No	N/A
Is your present level of output below capacity (i.e. are you working below a satisfactory full rate of operation)	84 (84)	16 (15)	1 (1)

Excluding seasonal variations, do you consider that in volume terms:

	Above normal	Normal	Below normal	N/A
(a) Your present total order book is	3 (3)	20 (15)	76 (82)	1 (1)

	More than adequate	Adequate	Less than adequate	N/A
(b) Your present stocks of finished goods are	32 (36)	54 (48)	1 (3)	13 (13)

Excluding seasonal variations, what has been the trend over the past four months, and what are the expected trends for the next four months, with regard to:

	Trend over past four months				Expected trend over next four months			
	Up	Same	Down	N/A	Up	Same	Down	N/A
Numbers employed	4 (6)	21 (25)	74 (70)	— (—)	4 (4)	35 (27)	61 (69)	— (—)
Volume of total new orders	12 (7)	29 (22)	51 (68)	1 (2)	13 (9)	56 (47)	30 (41)	1 (2)
of which: *Domestic orders*	8 (6)	32 (24)	58 (67)	1 (2)	11 (7)	59 (50)	29 (40)	1 (2)
Volume of output	9 (7)	40 (37)	50 (56)	— (1)	11 (9)	61 (51)	27 (40)	— (1)
Volume of domestic deliveries	7 (6)	33 (31)	58 (63)	1 (—)	10 (7)	58 (51)	31 (42)	1 (1)
Stocks of: (a) Raw materials and brought-in supplies	8 (11)	38 (36)	52 (50)	2 (3)	4 (5)	57 (42)	36 (50)	3 (3)
(b) *Work in progress*	6 (11)	40 (38)	44 (43)	9 (9)	5 (5)	55 (45)	30 (41)	9 (9)
(c) Finished goods	16 (18)	34 (35)	38 (36)	12 (11)	6 (7)	52 (44)	30 (38)	12 (11)
Average costs per unit of output	56 (62)	40 (33)	5 (4)	— (1)	54 (54)	39 (42)	7 (3)	— (—)
Average prices at which: Domestic orders are booked	25 (29)	58 (51)	17 (19)	— (1)	34 (32)	58 (55)	8 (12)	— (1)

Approximately how many months' production is accounted for by your present order book or production schedule:

Less than 1	1-3	4-6	7-9	10-12	13-18	More than 18	N/A
23 (22)	45 (42)	9 (9)	2 (2)	1 (2)	1 (1)	3 (2)	17 (19)

What factors are likely to limit your output over the next four months:

Orders or sales	Skilled labour	Other labour	Plant capacity	Credit or finance	Materials or components	Other
96 (94)	2 (4)	0 (1)	2 (3)	3 (4)	1 (1)	3 (2)

	More than adequate	Adequate	Less than adequate
In relation to expected demand over the next 12 months is your present fixed capacity	68 (70)	30 (29)	2 (2)

What are the main reasons for any expected capital expenditure authorisations on buildings, plant or machinery over the next *12 months*:

To expand capacity	To increase efficiency	For replacement	Other	N/A
9 (10)	63 (62)	49 (48)	7 (4)	17 (15)

What factors are likely to limit (wholly or partly) your capital expenditure authorisations over the next 12 months:

Inadequate net return on proposed investment	Shortage of internal finance	Inability to raise external finance	Cost of finance	Uncertainty about demand	Shortage of labour including managerial and technical staff	Other (please specify)	N/A
34 (30)	23 (23)	3 (3)	13 (19)	53 (55)	1 (2)	1 (1)	13 (12)

EXPORT TRADE—Companies completing these questions have direct exports exceeding £10,000 per annum. Number of respondents, 1,310.

	More	Same	Less	N/A
Are you more or less optimistic about your export prospects for the next 12 months than you were four months ago	10 (7)	59 (51)	30 (41)	1 (1)

Excluding seasonal variations, do you consider that in volume terms:

	Above *normal*	*Normal*	Below normal	*N/A*
Your present total order book is	6 (6)	27 (24)	65 (69)	2 (1)

Excluding seasonal variations, what has been the trend over the past four months, and what are the expected trends for the next four months, with regard to:

	Trend over past four months				Expected trend over next four months			
	Up	Same	Down	N/A	Up	Same	Down	N/A
Volume of total new export orders	13 (9)	38 (31)	48 (58)	2 (2)	11 (12)	66 (56)	21 (29)	1 (2)
Volume of export deliveries	12 (8)	41 (42)	44 (49)	3 (1)	13 (13)	60 (55)	24 (31)	3 (2)
Average prices at which export *orders* are booked	21 (21)	54 (52)	24 (26)	1 (2)	33 (25)	52 (60)	13 (14)	1 (1)

What factors are likely to limit your ability to obtain orders over the next four months:

Prices (compared with overseas competitors)	Delivery dates	Credit or finance	Quota and Import licence restrictions	Political or economic conditions abroad	Other
81 (82)	4 (8)	5 (7)	7 (11)	37 (42)	8 (7)

COMMODITIES AND AGRICULTURE

EEC Ministers reject German fish deal plea

BY LARRY KLINGER IN BRUSSELS

WEST GERMAN demands for quick ratification of the EEC-Canada fishing agreement failed yesterday in spite of the prospect of the issues adding potentially another strain on the European Community's political relationships.

Herr Josef Ertl, the West German Fisheries Minister, told his counterparts meeting in Brussels, that his country must have immediate approval of the agreement if bankruptcies and the loss of up to 10,000 jobs were to be avoided.

The question of the six year pact agreed between Canada and the European Commission last year, dominated yesterday's Council meeting ensuring that no progress was made on the real reason for its meeting—the establishment of an EEC common fisheries policy (CFP).

However, most of the other member countries, notably Britain, Denmark and France, refused to give way to the Germans, continuing to maintain that the Canadian arrangement could not be separated from the wider negotiation on the CFP. As the meeting moved into the night, the most likely outcome seemed to be agreement to meet again in Brussels in two weeks time, probably on February 9 and 10. If that were the case the Council of Agricultural Ministers scheduled for those dates might be brought forward to February 5 and 6.

Whether this arrangement would be sufficient for Herr Ertl to take back to West Germany, was not certain. The Bonn government has been sternly criticised in the Press for not pressing sufficiently for ratification, and West German fishermen are threatening to blockade ports in protest.

The West Germans, whose distant-water fleet remains tied up in German harbours, say that they need to catch at least 80,000 tonnes of fish, outside EEC waters if the fleet is to remain profitable. At least 10,000 tonnes, of this would come from Canadian waters, where the Germans maintain they must start fishing by the end of next month if they are not to be halted by winter ice.

It would be unwise at this point to predict the certainty of a Community crisis over the Canadian pact, since most contentious EEC issues are generally left to the last moment, and are generally resolved when it is demonstrated that the alternative would mean real harm to a member country.

However, the potential seriousness of the situation is undeniable. It all depends on what action the Germans would be prepared to take if the other member countries failed to come to an accommodation.

The seriousness with which the Germans were pressing their case became apparent at the Council's opening. The West German Minister told his colleagues that they would have to face up to some German social and political realities. He backed his demands for quick action, with a threat to withhold funds from the Community. "West Germany will not pay one pfennig more," he was reported as saying.

However, what exactly Herr Ertl meant was unclear. Some observers thought that he was only threatening to block the relatively small sum that would initially be involved in establishing a CFP.

Others took his words to substantiate rumours emanating from West Germany that Bonn might even threaten to withhold some of its EEC budget contributions. However, some Ministers in Brussels were playing down his remarks as "normal rhetoric."

Sale rumours hit cocoa price

By Our Commodities Staff

SELLING INSPIRED by rumours that certain producers, notably the Ivory Coast, had released more supplies on to the world market pushed cocoa prices on the London futures market down to their lowest level since April, 1976, yesterday.

The May quotation slipped to £857 a tonne at one stage before ending the day £6 down at £860.50 a tonne.

Traders said if the Ivory Coast was indeed selling it must have been at reduced prices in terms of French francs, but that the current sterling/franc exchange rate meant that this did not necessarily involve a loss of profitability.

A new 500,000-bags-a-year Brazilian cocoa factory will come on stream later this year, the country's Cocoa Farming Recovery Plan Commission (CEPLAC) said yesterday. The factory, a joint venture involving cocoa farmers, the Government and a French company, should be operating at about half capacity by the end of the year.

It will take cocoabean grinding capacity in the state of Bahia alone to nearly 5m bags a year, CEPLAC said, only slightly below Brazil's expected 1980-81 crop, which ends in April.

In preparation for planned expansion of bean production CEPLAC intends to open further new factories in the Amazon, Rondonia and Para areas.

Thai tapioca output to rise

BANGKOK — Thailand's tapioca production for the 1980-81 season (December to July) is expected to rise to 13.8m tonnes of root from 11.1m the previous season, an official of the agriculture ministry said.

The current season will produce 5.5m tonnes of tapioca products compared with 4.4m the previous season.

The area planted to tapioca in 1980-81 was 2.7m acres compared with 2.6m acres the previous season, and good rainfall is expected to raise the average yield per acre to 5 tonnes per acre from 4.3m.

TATE & LYLE REFINERY CLOSURE

Dismay in the Jamaica canefields

BY CANUTE JAMES IN KINGSTON

THERE IS deep concern in Jamaica about the threatened closure of Tate & Lyle's Liverpool cane refinery, in spite of official assurances that their sugar export market in the EEC will be protected.

Mr. Nicholas Ridley, the UK Minister of State in the Foreign Office, who was in Kingston over the weekend on the final leg of a Caribbean tour, assured Mr. Hugh Shearer, the Jamaican Foreign Trade Minister who is also chairman of the Caribbean Community (Caricom) Ministerial Council, that the Liverpool closure would not mean a cut in EEC cane sugar imports.

"I don't think it is right to read into this closure any consequences for the import of sugar from the ACP countries," Mr. Ridley told a Press conference here. "The plain fact is that we have too much refinery capacity and it has to be rationalised. We gave you an assurance that the Common Market would continue to import 1.3m tonnes of sugar from the Lome countries. I know of no reason to doubt that assurance."

But these assurances have done little to calm the fears of Jamaican and other ACP sugar exporters.

"There is obviously a limit to the capacity of the British market to absorb sugar," A Caricom trade official noted. "If and when there is a squeeze, I don't think the British Government will consider it politic to hurt their own farmers, despite the Lome convention. We are the outsiders. In the event of a market squeeze, we will suffer," he said.

Sugar remains one of the pillars of Jamaica's fragile economy. Last year Jamaica earned some U.S.$98m on sugar exports of 150,000 tonnes. Of these 120,000 tonnes were sold to the EEC, mainly to Britain, under the terms of the Lomé Convention sugar protocol between African, Caribbean and Pacific developing countries and the Community. Any forced cutback in this quota, as a result of the Liverpool closure, would not only reduce desperately needed foreign exchange earnings, but also threaten thousands of jobs in a country where 31.5 per cent of the labour force is already unemployed.

Thousands of workers make their living from cutting cane as the industry is not mechanised. Their jobs, although seasonal, are guaranteed, as the government pays wages to cane cutters during the planting season when they are not needed.

The uncertainty created in the industry has led to indecision on pre-crop plans to increase production this year to just over 300,000 tonnes, more than 50,000 tonnes above last years output.

"We cannot go ahead with these plans unless we are sure what is happening to the 120,000 tonnes which is our quota under the Lomé convention," said the industry spokesman.

● Reuter reported from Brussels: The Lomé Convention accord between the EEC and African, Caribbean, Pacific countries specifies that if commercial buyers cannot be found for the full 1.3m tonnes quota the Community must buy any surplus at the agreed price, according to Commission officials.

They said the EEC will guarantee the present level of cane sugar imports, inspite of the proposed closure of Tate and Lyle's 300,000 tonnes a year refinery at Liverpool.

If Tate and Lyle is successful in its efforts to find a home elsewhere in the EEC for the sugar displaced by the closure, the Community had an obligation to buy for intervention at a guaranteed price, officials claimed.

WORLD sugar prices moved higher yesterday, following rumours of renewed Soviet buying interest and a report that growers in the Philipines were seeking to overturn an agreed contract to sell 2m tonnes. The London daily price for raw sugar was lifed by £8 to £275 a tonne in the morning. However, futures values were hit by late selling when New York opened easier. The May position after trading at £300 fell back to £288.625 a tonne, nearly £4 up on the previous close.

Price pledge on Danish bacon if EEC levy is dropped

BY RICHARD MOONEY

SUGGESTIONS THAT Danish bacon producers would simply pocket the extra profits if the EEC levy on sales to Britain were removed were dismissed yesterday by ESS-Food, the company which handles imports of Danish bacon into the UK.

In a statement the company said removal of the levy, which will rise to 7p a pound next week, would result in "substantial price reductions" on the British market. The levy had a large dampening effect on bacon sales and importers would be anxious to try to boost consumption by dropping prices, ESS-Food said.

The levy, or monetary compensatory amount (MCA), results from the widening gap between sterling and the fixed agricultural exchange rate. MCA went up to a record 15.1 per cent this week and will reach 16.3 per cent next Monday.

Importers and consumer groups have pleaded with Mr. Peter Walker, the Agriculture Minister, to revalue the "green pound," so doing away with the MCAs. But British producers have claimed that such a move would result in higher profits for foreign producers and not cut UK prices.

At the weekend Butterdane said Danish butter prices in the UK would ber educed by the full amount of any MCA cut.

Meanwhile a warning that the UK wholesale butter price could rise by 12p to around 60p per 250 gram pack this spring as a result of increases in EEC farm support prices and the ending of the special subsidy on retail sales was issued by the UK Provision Trade Association.

This could quicken the decline in British butter consumption, which is already causing serious concern among members of the Federation's dairy products section.

Total consumption last year was about 340,000 tonnes, down from 380,000 in 1979. Butter's share of the UK yellow fats market was reduced by 12 per cent to 43 per cent.

An increase in the Common Market butter intervention price of 10 per cent (which does not seem unlikely) plus the withdrawal of the subsidy would lift prices by 25 per cent, the Federation said. This would tend to accelerate the swing from butter to margarine, which costs only around 25p a pack.

"The dairy products section stresses that in the interests of all in the butter trade the current consumer butter subsidy should at the very least remain at the current level and ideally should be increased to counteract any increase in butter intervention prices," a Federation statement, issued yesterday, said.

Good prospects seen for natural rubber

NATURAL rubber may have greater potential for market growth now than at any time in the past 20 years, according to a study by the World Bank.

"The world rubber economy—structure, changes and prospects" notes that increases in the real price of crude oil between 1973 and 1980 drove up prices of synthetic rubber, enhancing the competitive position of natural rubber in relation to synthetic rivals.

At the same time, the economic slowdown in the industrialised countries reduced the growth in demand for rubber.

The study argued that, except for a few specialty rubbers, technical innovations and economies of scale in the synthetic rubber industry appear to have run their course and the natural rubber industry is emerging from a period of change and modernisation. However, the benefits of long-term research programmes and technical improvements in production and processing of natural rubber had yet to be realised

Platinum at 16-month low

BY JOHN EDWARDS, COMMODITIES EDITOR

FREE MARKET platinum prices fell in London yesterday to the lowest level for 16 months. The sterling price was marked down to £192.65 at one stage before rallying in the afternoon to £194.40 a troy ounce, still £2.85 down on the previous day.

The dollar price equivalent lost $8 to $468 taking it $7 below the South African producer price of $475 at which the bulk of sales are made.

Although there was reported to be some Japanese buying interest at the lower levels, the outlook for platinum is considered to be poor with record stocks of 286,000 ozs in the New York market warehouses reflecting the slump in industrial demand.

Until recently the effect of declining industrial demand for platinum was offset by speculative interest in precious metals, particularly gold which has a traditional price relationship with platinum. But now that gold has come down the decline in platinum's industrial outlets is being felt with a vengeance—hence the sudden price drop in contrast with silver which has stayed relatively steady.

London free market dealers feel prices could go considerably lower yet, but are doubtful whether the South African producers will be forced to cut their fixed price of $475.

It is noted that the producer price, which was only raised to $475 in August last year, has been below the free market price ever since 1978 and on occasions was at an enormous discount, for example, when free market platinum rose over $1,000 briefly in March last year.

Nevertheless if buying demand for platinum remains as depressed as at present producers will either have to consider trimming prices or cut back output. But after the boom times enjoyed during recent years they should be in a powerful position to hold out.

Other London metal markets were confused yesterday following the erratic trend in gold.

Base metals prices were generally firmer, with dealers claiming that the markets had become oversold and were due for a technical reaction upwards.

However the late decline in gold, after its earlier rally, created some uncertainty as did news that President Reagan was planning to end U.S. oil price controls. Adding to the confusion was Chemical Bank's move to lower its broker loan rate from 20.5 to 20 per cent.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Gained ground on the London Metal Exchange in good two-way business. After opening at £778, forward metal traded up during the morning to £785. A strong opening in New York saw the price of forward material reach a high of £791, before reacting to close on the late kerb at £789. Turnover 20,325 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	762-.5	+8.5	761-2	+5.5
3 months	784.5-5	+8.5	783.5-4	+6.25
Settlem't	762.5	+8.5	—	
Cathodes				
Cash	752.5-3.5	+7.75	751-3	+3.5
3 months	771-2	+9	771-.5	+5.75
Settlem't	753.5	+8	—	......
U.S. Prod	—		*88.81	......

Amalgamated Metal Trading reported that in the morning copper cash wirebars traded at £763.5, 63, 62.5. Three months £782, 83, 83.5, 84, 83, 84, 85, 86, 85.5, 85, 84.5, 85, 85.5, 85. Cathodes cash £754, 53.5, 53. Three months £772. Kerb: wirebars three months £785, 85.5, 86. Afternoon: wirebars three months £788, 87, 86, 86.5, 87, 85, 84, 84.5, 84. Cathodes three months £771. Kerb: wirebars three months £787, 88, 88.5, 87, 88, 87, 86, 86.5, 88, 85.5, 86, 87. Cathodes three months £773.

TIN—Firmer in quiet trading. Forward metal opened lower at £5,850, and gained ground steadily during the day to close at its best price of £5,920 on the late kerb. Turnover 650 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	5750-60	+72.5	5760-70	+65
3 months	5890-900	+42.5	5910-5	+50
Settlem't	5760	+75	—	......
Standard				
Cash	5750-60	+72.5	5760-70	+65
3 months	5890-900	+42.5	5910-5	+50
Settlem't	5760	+75	—	......
Straits E.	$630.18	—.08	—	......
New York	—	......		

Morning: Standard cash £5,740, 50. Three months £5,875, 90, 80, 90. Kerb: Standard three months £5,900, 5,890. Afternoon: Standard three months £5,920, 10, 20, 15, 10. Kerb: Standard three months £5,915, 20.

LEAD—The general consensus that base metal markets were oversold lifted forward metal from its opening level of £285 to a high of £294, before a late reaction left the close on the late Kerb at £293.5. Turnover 10,700 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	280.5-1.5	+3.5	280-1	+3.75
3 months	292.5-3	+4	292-.5	+3.25
S'ment	281.5	+3.5	—	......
U.S. Spot	—	......	*34.7	......

Morning: Three months £289, 90, 91, 92, 92.5, 93, 94, 93.5, 93. Kerb: three months £292, 92.5, 93. Afternoon: three months £295, 94, 93, 91.5, 92, 93, 92.5. Kerb: three months £293, 92.5, 93.

ZINC—Advanced in somewhat busier trading. Forward metal opened at the day's best level of £325, and never fell below £321, finally closing at £324. Turnover 15,275 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	311-2	+.75	310-1	+1
3 months	324.5	+2.25	322-.5	—.5
S'ment	312	—1	—	......
Primw'ts	—	......	*41.5	......

Morning: three months £324, 25, 24.5, 25, 24.5, 24. Kerb: three months £324, 24.5. Afternoon: cash £311 three months £325, 24, 23, 22.5. Kerb: three months £324.

ALUMINIUM—Moved higher as short covering took the price of three months material through the £600 level. The low for the day was £591, and the close on the late Kerb a little below the day's best at £599.5. Turnover 7,075 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	575-7	—1.5	579-80	+5.5
3 months	596-.5	—2.5	598.5-9	+2.5

Morning: three months £595, 96, 97, 96, 98, 96, 95, 95.5, 96. Kerb: three months £596.5. Afternoon: three months £597, 98, 99, 600, 599, 98, 98.5. Kerb: three months £598, 99, 600.

NICKEL—Advanced in quiet conditions. Forward metal opened at £2,570, and moved to a high of £2,625 before closing at £2,620. Turnover 216 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	2650-60	+87.5	2655-60	+47.5
3 months	2610-20	+65	2615-20	+40

Morning: three months £2,585, 90, 2,600, 2,610. Kerb: three months £2,615, 10, 2,600. Afternoon: cash £2,655 three months £2,610, 15, 20. Kerb: three months £2,620.

* Cents per pound. † FM$ per kilo. ‡ On previous unofficial close.

SILVER

Silver was fixed 2.7p an ounce higher for spot delivery in the London bullion market yesterday at 559.1p. U.S. equivalents of the fixing levels were: spot $13.525, up 12.5c; three-month $14.139, up 12.9c; six-month $14.703, up 12.9c; and 12-month $15.741, up 2.1c. The metal opened at 545p-554p ($13.15-$13.35) and closed at 558p-565p ($13.4-$13.6).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	559.10p	+2.7	559.5p	+1
3 months	578.40p	+5.5	578.0p	+1
6 months	597.30p	+5.4	—	......
12 months	636.60p	+0.80	—	......

LME—Turnover: 161 (165) lots of 10,000 ounces. Morning: cash 562, three months 580, 79, 82. Kerbs: three months 582, 83, 84. Afternoon: cash 560, three months 578, 79, 77. Kerb: three months 578, 77, 76, 75, 76, 78, 79.

COCOA

During an uneventful day cocoa futures were barely steady as further trade hedging of producer sales caused prices to trade at new life of contract lows. However, physical business was modest with only scattered interest found amongst manufacturers, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
March	835-836	—4.0	838-832
May	860-861	—6.0	866-857
July	886-887	—5.0	890-882
Sept	907-908	—4.0	910-904
Dec	938-939	—3.5	940-935
March	965-966	—0.50	965-961
May	982-986	—3.0	984-983

Sales: 2,001 (2,723) lots of 10 tonnes.

ICCO Futures—Daily price for Jan. 26 93.59 (93.80). 10-day average 94.77 (94.91): 15-day average 95.08 (95.37).

COFFEE

Coffee once again opened lower with early trade house selling depressing the market by £8-£10. But with values having declined some £50 over the past week dealers began to take in profits and prices rallied back to around unchanged levels by lunch, reports Drexel Burnham Lambert. The rally continued into the afternoon session, but spirited commission house selling subdued the reaction and prices eased once more by the finish.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
January	960-969	—8.00	970-960
March	990-992	—1.5	997-977
May	1005-08	+1.5	1010-93
July	1018-20	—	1022-11
Sept	1029-35	+0.5	1033-23
Nov	1030-45	—2.5	1035-25
Jan	1020-65	—7.5	—

Sales: 3,056 (2,508) lots of 5 tonnes.

ICO Indicator prices for January 26 (U.S. cents per pound): Other Mild Arabicas 121.67 (124.50); Robustas ICA 1976 119.00 (120.25); ICA 1968 119.25 (120.50). Unwashed Arabicas unquoted. Comp. daily ICA 1968 unquoted.

GRAINS

M'nth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterday close	+ or —
Mar	107.95	......	98.50	—0.05
May	112.10	......	102.50	—0.05
July	116.15	—0.15	—	
Sept	100.20	+0.05	95.05	
Nov	104.05	—0.05	98.95	+0.05

Business done — Wheat: March 108.45-107.95, May 112.60-112.10, July 116.50-116.25, Sept 100.20-100.20, Nov. 104.20-104.00. Sales: 164 lots of 100 tonnes. Barley: March 98.65-98.50, May 102.35-102.30, July no trade, Sept. 95.15-95.05, Nov. 99.05-99.00. Sales: 92 lots of 100 tonnes.

HGCA — Locational ex-farm spot prices. Feed barley: S East 95.60, S. West 96.70, W. Midlands 93.70, N. West 98.30. The UK Monetary Coefficient for the week beginning Monday, February 2 (based on HGCA calculations using five days exchange rates) is expected to change to 0.836.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2 14 per cent Feb. 107.75, March 107.75 transhipment east coast sellers. U.S. Hard Winter 13½ per cent Feb 100.75, March 103, transhipment east coast sellers. English Feed fob April 115.50 paid east coast. Maize: French Jan. 121, Feb. 122.50 east coast sellers. S. Afr. Yellow Feb./March 89.50 seller. Barley: English Feed fob April 105 paid east coast.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 383 tonnes, bringing the total for the week so far to 705 tonnes. Useful orders were booked covering an extensive range of qualities. Business continued on freer lines with steady support in African and South American styles.

RUBBER

The London physical market opened about unchanged with good interest throughout the day, closing on a steady note. Lewis and Peat reported an fob February price for No. 1 RSS in Kuala Lumpur of 303 (302.25) cents a kilogramme and SMR 20 at 257.5 (255.5) cents.

No. 1 R.S.S.	Yest'rd'ys close	Previous close	Business Done
Mar.	57.23-57.40	56.30-56.40	—
Apr.	56.20-57.70	—	58.30
Apr-Jne	59.50-59.60	58.50-58.70	59.50-59.00
Jly-Sept	62.60-62.70	61.60-61.50	63.10-62.20
Oct-Dec	65.60-65.70	64.80-64.90	65.90-65.10
Jan-Mar	68.50-68.60	67.60-67.80	68.93-68.20
Apl-Jne	71.50-71.60	70.80-70.90	71.60-71.10
Jly-Sept	74.50-74.80	73.80-73.90	—
Oct-Dec	77.60-77.70	76.50-75.90	77.60

Sales: 321 (413) at 15 tonnes, and 3 (2) at 5 tonnes. Physical closing prices (buyer) were: Spot 55.50p (54.00p), March 60.50p (59.50p), April 60.75p (60.00p).

SOYABEAN MEAL

The London market opened with gains of £2-£2.50 following constructive USDA stock reports and better export markets, reports T G Roddick. Prices failed to hold the best levels of the day finishing 1.50 higher.

	Yest'rd'ys Close	+ or —	Business Done
	£ per tonne		
February	115.00-15.4	+0.30	116.00-15.00
April	121.80-22.0	+1.45	122.80-21.00
June	123.00-23.5	+1.50	124.50-21.50
August	124.00-26.0	—2.00	—
October	124.00-28.0	—0.75	—
December	125.50-27.0	—0.75	—
February	127.00-29.0	—1.50	—

Sales: 162 (362) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £275.00 (£267.00) tonne cif for Jan.-Feb.-March shipments. White sugar daily price was £302.00 (£295.00).

Reports that growers in the Philippines were trying to overturn the forward sales contract for 2m tonnes over the next four years lifted the market despite some initial weakness. However the highs were shortlived and prices began to ease. The decline accelerated following a disappointing New York opening, reports C Czarnikow.

No. 4 Con-tract	Yesterd'ys Close	Previous close	Business Done
	£ per tonne		
Mar	266.50-66.75	264.25-64.50	298.50-65.75
May	288.25-89.00	264.80-85.25	300.00-84.00
Aug	286.55-85.75	279.00-79.50	294.00-80.00
Oct	278.00-78.20	274.25-74.50	289.00-74.00
Jan	256.00-60.00	254.00-56.00	266.00-65.00
March	255.00-58.00	253.75-54.75	265.00-54.00
May	251.00-52.00	250.00-52.00	254.50-50.50

Sales: 12,220 (8,557) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.5 (same) a tonne for home trade and £354.50 (£355.50) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for January 26: Daily price 27.32 (26.03); 15-day average 27.97 (28.22).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order, buyer, seller, business, sales). Australian cents per kilo. March 491.5, 492.0, 492.0-489.0, 95; May 505.0, 506.0, 506.5-503.0, 86; July 519.0, 519.4, 521.0-514.6, 172; Oct. 514.5, 518.0, 516.5-511.0, 76; Dec. 518.0, 519.5, 519.5-511.0, 52; March 524.0, 526.0, 527.0, 525.0, 12; May 529.0, 530.0, 527.0-527.0, 2; July 532.0, 535.0, untraded. Sales 495.

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. Jan. 348 buyer, nil, nil; March 358, 363, nil, nil; May 360, 365, nil, nil; Aug. 360, 374, 371-370, 2; Oct. 376, 380, nil, nil; Dec. 376, 382, 378-377, 2; Jan. 378, 384, nil, nil; March 382, 386, nil, nil; May 384, 388, nil, nil. Sales 4.

PRICE CHANGES

	Jan. 27 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1400/1450	......	$1445/475
Copper			
Cash w'bar	£761.5	—6.5	£792
3 mths.	£785.75	+6.25	£812.25
Cash Cathode	£752	—3.5	£769.5
3 mths.	£771.25	—5.75	£792.25
Gold troy oz	$517.5	—12	$586.5
Lead Cash	£280.5	—6.75	£307.75
3 mths	£292.25	+6.25	£319.25
Nickel	£3 226.67	......	£3,216*
Freemkt	270/290c	......	275/290c
Platin'mtr'y oz	£202	......	£202
Freemkt	£194.40	—2.85	£241.85
Quicksilver†	$370/380	—5	$565/585
Silver troy oz	559.10p	+2.7	654.60p
3 mths	578.40p	+3.5	679.20p
Tin Cash	£5,765	+65	£6,190
3 mths	£5,912.5	+50	£6,306
Tungsten 22.04lb	$143.90		$141.97
Wolfrm 22.04 lb	$143/151	—1	$143/146
Zinc Cash	£310.5	—1	£324.5
3 mths	£322.25	+0.50	£336.625
Producers	$823		$825
Oils			
Coconut (Phil)	$605r	......	$620
Groundnut			
Linseed Crude	£412y	......	£460
Palm Malayan	$610r		$625
Seeds			
Copra Philip	$405y	......	$430
Soyabean (U.S.)	$303y		$322
Grains			
Barley Futures	£102.50	—0.05	£99.10
Maize			
French	£121	......	
Wheat			
No 1 Red Spg			
No2 HardWint	£102.75y	—1	£105.75
Eng. Milling†			
Other commodities			
Cocoa ship't	£921	—4	£971
Future May	£860.5	—6	£895.5
CoffeeF t'Mar	£991	—1.5	£1034.5
Cotton A Index	98.50c		100.3c
Rubber (kilo)	55.50p	—1.5	57p
Sugar (Raw)	£275.00	+8	£260
Woolt'ps 64s kl	304p kilo		287p kilo

† Unquoted. w March. y Feb. x Jan.-Feb. u Feb.-March. t April. z Indicator. § Buyer ‡ Per 75 lb flask. * Nominal.

POTATOES

LONDON POTATO FUTURES—April again attracted almost all the interest. Early selling pressure put values down to £55.50 before profit-taking, and some fresh buying, raised levels again to close with only small losses, reports Coley and Harper. Closing prices Feb 45.50 −50 (45.00 one trade). April 58.50 −30 (high 57.00, low 55.50); Nov. 54.00 +70 (high 54.00, low 53.50). Turnover 215 (350) lots of 40 tonnes.

★

HIDES—Birmingham: Heavier lots slightly firmer, otherwise little change. Second clears. Ox 31-35.5 kilos 38p a kilo (35.7p a kilo; 26-30.5 kilos 39.5p (39.2p); 22-25.5 kilos 45.2p (44.4p). Light cows 37p (36p).

★

SMITHFIELD MARKET—Pence per pound. Beef: Scottish killed sides 69.0 to 73.3, Eire hd qtrs 78.0 to 82.0, fore qtrs 55.0 to 57.0. Veal: Dutch hinds and ends 107.0 to 110.0. Lamb: English small 59.5 to 68.0, medium 56.0 to 64.0, heavy 48.0 to 62.0. Imported frozen—NZ PL 55.0 to 56.0, PM 54.0 to 55.0. Pork: English, under 100 lbs 42.0 to 49.0, 100-120 lbs 41.0 to 48.0, 120-160 lbs 37.5 to 46.0. Partridges: Young (each) 150.0 to 150.0. Pheasants: Best (per brace) 350.0-460.0, Medium (each) 140.0 to 160.0.

MEAT COMMISSION—Average fatstock prices at representative markets on January 7 GB cattle 83.80p per kg lw (−1.13). UK sheep 138.57p per kg est dcw (+0.66). GB pigs 65.09p per kg lw (−1.01).

AMERICAN MARKETS

NEW YORK, January 27.

LACK OF buyers in precious metals produced further losses on steady long liquidation. Trade support helped advance the copper market with good gains. Sugar sold off on a lack of activity in the physicals which encouraged trade selling. Coffee recovered from early pressure on heavy dealer buying. Cocoa drifted lower as the Ivory Coast became a seller. Mixed buying interest by the trade resulted in moderate gains in cotton. Expectation of heavy deliveries in hogs, bellies and cattle on the February future depressed the entire livestock complex with all markets suffering heavy losses. A late rally in maize and soyabeans produced moderate gains. Forecasts of precipitation in the wheat belt generated a massive long liquidation with prices sharply lower on the close, reported Heinold.

Copper—Jan 83.50 (81.55), Feb. 83.50 (82.35), March 84.60-85.10, May 87.60-87.80, July 90.00-90.10, Sept. 92.25, Dec. 95.00, Jan. 96.00, March 97.85, May 99.50, July 101.10, Sept 102.70. Sales: 4,700.

Potatoes (round whites) — March 138.5-139.5 (135.7), April 162.6-163.5 (160.2), Nov 87.5.

Sugar—No. 11: March 28.35-28.50 (29.34), May 28.90-28.95 (29.70), July 29.00-29.05, Sept 28.30-28.35, Oct 28.00-28.15, Jan 25.20-25.60, March 25.50, May 25.43. Sales: 10,872.

Tin—647.0-655.0 (635.0-645.0).

CHICAGO, January 27.

Lard—Chicago loose 20.00 (same).

Live Cattle—Feb. 62.12-62.05 (62.67), April 66.15-66.00 (66.70), June 69.25-69.10, Aug. 70.00-69.87, Oct. 69.75, Dec 70.05, Feb 70.90.

Live Hogs—Feb. 44.85-45.00 (45.75), April 47.10-47.17 (47.97), June 51.85-52.02, July 53.00-53.05, Aug 52.70, Oct 51.45-51.50, Dec. 54.50, Feb. 55.00, April 55.00.

‡‡Maize—March 365¼-365½ (352½), May 375½-376 (371¾), July 381-381½, Sept. 375-375½, Dec. 368¾-369¼, March 373¾.

Pork Bellies—Feb. 54.07 (56.07), March 55.17 (51.17), May 57.30-57.10, July 59.00, Aug. 58.30, Feb. —.

Silver—Jan. 1340.0 (1343.0), Feb 1345.0 (1382.0), March 1365.5, April 1398.0-1383.0, June 1435.5, Aug. 1466.0, Oct. 1509.0, Dec. 1552.0, Feb. 1595.0, April 1638.0, June 1681.0, Aug. 1724.0, Oct. 1767.0, April 1896.0, June 1939.0.

†Soyabeans—March 743-741 (732), May 767-769½ (759½), July 792-794, Aug 800-800½, Sept 801½-802, Nov. 817-818, Jan. 836½, March 857.

‖Soyabean Meal—March 218.0-218.5 (214.0), May 225.8-225.5 (224.5), July 231.5-232.0, Aug. 233.5-234.0, Sept. 236.0-236.5, Oct. 235.5-236.5, Dec. 237.0, Jan. 239.0, March —, May —.

Soyabean Oil — March 23.48-23.45 (23.22), May 24.30-24.35 (24.08), July 25.20-25.15, Aug. 25.45, Sept. 25.35, Oct 26.05-26.10, Dec. 26.65, Jan. 26.70-26.75, March 26.95, May —.

†Wheat — March 472½-468 (478½), May 479-478 (486½), July 469-467½, Sept. 482, Dec. 506, March 524.

WINNIPEG, January 27

§Barley—March 153.40 (152.50), May 154.60 (153.70), July 154.50, Oct 155.20, Dec. 154.60.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ° Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

Monday's closing prices

NEW YORK, January 26.

††Cocoa—March 1957 (1960), May 2005 (2010), July 2055, Sept. 2105, Dec. 2162, March 2215, May —. Sales 960.

Coffee—"C" Contract: March 120.05-120.50 (123.73), May 123.30-124.25 (127.08), July 125.30-125.50, Sept. 127.15-127.50, Dec 127.50, March 126.90, May 127.00. Sales: 2,905.

Cotton—No. 2: March 87.60-87.75 (88.90), May 88.80-88.95 (90.08), July 89.66-89.70, Oct 86.56, Dec 83.65-83.70, March 84.65-84.80, May 85.50-86.00, July 86.00-87.00. Sales: 3,000.

*Gold—Jan. 521.0-522.0 (551.6), Feb 527.5 (552.5), March 533.5, April 543.0, June 558.2, Aug 573.2, Oct. 588.2, Dec. 603.2, Feb. 618.2, April 633.2, June 648.2, Aug. 663.2, Oct. 678.3.

Orange Juice—March 125.60 (120.60), May 128.50 (123.50), July 130.50, Sept 132.50, Nov. 130.90, Jan. 129.00, March 130.00, May 131.50. Sales: 1,500.

*Platinum—Jan. 471.0-474.0 (500.0), March 468.6 (508.6), April 493.5, July 517.9, Oct. 539.9, Jan. 561.9, April 583.0.

§Silver—Jan. 1330.0-1335.0 (1431.5), Feb. 1388.5 (1436.5), March 1407.0, May 1451.0, July 1494.0, Sept. 1536.5, Dec. 1598.5, Jan. 1619.5, March 1661.5, May 1703.5, July 1745.5, Sept. 1787.5. Handy and Harman bullion spot 1343.0 (1427.0).

CHICAGO, January 26

Chicago Imm Gold—Feb — (—), March 531.0-530.0 (590.0), April 537.6, June 550.5-551.0, July 559.0, Sept 572.0, Oct 580.0, Dec. 594.0, Jan 601.0, March 615.0.

‡‡Maize—March 362-363 (360), May 371½-372 (369¼), July 376¾-378½, Sept 370½, Dec. 365¾-365½, March 375.

WINNIPEG, January 26. §Barley—§Wheat—SCWRS 13.5 per cent protein content cif St Lawrence 276.23 (277.25).

EUROPEAN MARKETS

ROTTERDAM, January 27

Wheat—U.S. Two Dark Hard Winter 13.5 per cent Jan $221, Feb $227, March $228, April $230, May $232. U.S. No Two Red Winter Feb $216, March $218, April $222. U.S. No Two Northern Spring 14 per cent Feb. $238, March $238, May $218.50, June $219.50, July $220.50.

Maize—Spot $173, all $172 Jan. $173, Feb $170.50, March $171.75, April/June $176, July/Sept $179, Oct./Dec. $175, Jan./March $186.

Soyabeans—U.S. Two Yellow Gulfports afloat $295, Feb. $301.50, March $304.50, April $311.25, May $315, June $319.75, July $321, Aug. $325, Sept $325.75, Oct./Nov. $329.50, Dec. 334.40 options. Argentine Parana/Gulf Brazil May/June/July $315.50 sellers.

Soyameal—44 per cent protein U.S. all $270, Feb $269, March $274, April $278.50, May $285, April/Sept. $290, Nov./March $304. Brazil Pellets all $282, Feb. $285, March $287, April June $296, April/Sept: $299.

PARIS, January 27

Cocoa (FFr per 100 kilos)—March 925/935, May 955/975, July 975/1,010, Sept. 1,015/1,035, Dec. 1,051/1,060, March 1,070/1,090. Sales at call 0.

Sugar (FFr per tonne)—March 3,435/3,440, May 3,350/3,355, July 3,300/3,360, Aug. 3,310/3,325, Oct. 3,150/3,190, Nov. unquoted, Dec 2,020/2,020, March 2,870/2,970. Sales at call 18.

INDICES

FINANCIAL TIMES

Jan. 26	Jan. 23	Month ago	Year ago
250.55	252.08	265.06	302.25

(Base: July 1, 1952=100).

MOODY'S

Jan. 26	Jan. 23	Month ago	Year ago
1173.7	1176.5	1229.5	1413.1

(December 31, 1931=100)

DOW JONES

Dow Jones	Jan. 26	Jan. 23	Month ago	Year ago
Spot	422.35	424.29	446.11	433.04
Fut'rs	442.85	444.16	466.74	440.19

(Average 1924-25-26=100)

REUTERS

Jan. 27	Jan. 26	M'nth ago	Year ago
1684.5	1679.2	1719.9	1794.5

(Base: September 18, 1931=100)

LONDON STOCK EXCHANGE

Equity advance halted by latest CBI deliberations
Gilts rally well and Golds recover fresh early falls

Account Dealing Dates
Option

*First Declara- Dealings	tions Dealings	Last Account Dealings	Day
Jan. 12	Jan. 22	Jan. 23	Feb. 2
Jan. 26	Feb. 5	Feb. 6	Feb. 16
Feb. 9	Feb. 25	Feb. 27	Mar. 9

* "New time" dealings may take place from 9 am two business days earlier.

All main investment sectors of London stock markets made progress yesterday with equities extending Monday's promising start to the new trading Account. Gilt-edged securities and South African Gold shares put on a better performance than on Monday with longer Gilts regaining that session's falls, while mixed Golds recovered initial fresh losses of a point among heavyweight issues and closed marginally higher on balance.

Once again, a small institutional demand was concentrated on secondary industrials rather than on leading shares and, with stock sometimes none too freely available, the resulting rise was fairly swift. Around noon, values seemed set for another good rise but reports of the Confederation of British Industry's January survey injected a note of caution and prices came back from the best.

The FT Industrial Ordinary share index measured the midday firmness with a fresh rise of 5.7, but an hour later the gain had been reduced to 3.8. Business thereafter was extremely slow and little further price movement occurred to leave the closing index 3.5 up for a two-day advance of 11.7 to 467.4. **Associated Dairies** provided a rare dull spot among top-quality stocks, falling 5 to 182p after the company's surprise proposal to raise £455m via a rights issue.

Hambros below best

Sterling's recent strength was reflected in limited overseas support for Government securities which also attracted small domestic interest. Considerations about today's issue of £1bn short tap stock, **Exchequer Convertible** 12 per cent 1985, held this end of the market back and longer maturities emerged as the stronger. Some of the latter regained the previous day's losses which had ranged to ⅝.

Increased demand for Traded options saw completed contracts rise to 1,186, almost double Monday's 665. Once again, **Lonrho** positions were actively traded with 445 deals arranged: the May 100s and 110s accounted for 262 and 112 trades respectively. Interest was also noted in **Grand Metropolitan** and **Courtaulds** with 149 and 163 deals respectively, while the **P and O** series due to expire next month attracted 91 contracts.

A quietly firm banking sector was featured by **Hambros** which rose 20 to 695p, after 610p, on revived investment support. Recently firm on the news that the group has formed a leasing division, **Manson Finance Trust** were favoured again at 69p, up 3: the interim results are due on February 16. Hire Purchases made progress on cheaper money and bid hopes. **London Scottish Finance** improved 2 to 51p as did **Wagon Finance**, to 43p, while **FNFC** put on a penny to 27p with the **Warrants** closing a fraction harder at 5p. **UDT** moved up 2 to 53p to stand a couple of pence below the proposed offer from Lloyds and Scottish. The major clearers edged forward in thin trading. **Lloyds**, preliminary figures due on February 20, hardened 2 to 345p, while **NatWest** added 3 at 375p.

Firm conditions prevailed in Life Insurances. **Refuge** gained 8 more to 226p and **Pearl** appreciated 6 to 428p as did **London and Manchester**, to 206p.

Hopes that the sector may not suffer as heavily as originally thought from possible excise increases in the coming budget left Breweries and kindred issues with useful gains. **Bass** rose 8 for a two-day rise of 13 at 207p, while **Whitbread**, 151p, and **Vaux**, 145p, improved 5 and 8 respectively. Wines and Spirits were featured by **Highland**, 9 better at 104p, while **Distillers**, 191p, and **Invergordon**, 165p added around 5 apiece. **Amalgamated Distilled Products** firmed a couple of pence to 49p ahead of today's interim statement.

Stock shortages again accentuated gains in leading Buildings. **Ready Mixed Concrete** firmed 5 for a two-day gain of 12 to 175p on a broker's circular, while **Blue Circle** rose 6 afresh to 350p and **Tarmac** added 9 to 267p. **Tunnel B** gained 6 to a 1980-81 peak of 262p. Others to make progress included **Redland**, 8 better at 167p, and **Barratt Developments**, the same amount up at 154p, the latter on hopes of reduced mortgage rates. **Y. J. Lovell** added 5 to 192p and **Newarthill** 8 to 315p in thin markets, while **Richards and Wallington** jumped 5 to 28p on suggestions that the company may attract a bid from B.E.T. Timber issues featured **Magnet and Southerns** which, in a thin market, rose 1½ to 134p.

MFI flat

Dull of late on worries about the preliminary results, due February 26, **ICI** improved a couple of pence to 290p. Among other Chemicals, **Stewart Plastics** put on 9 to 55p on the better-than-expected interim profits.

Stores trended firmer at the outset but support was withdrawn following highly disappointing interim figures from **MFI Furniture** and most reverted to the overnight positions. MFI plumetted 11 to 51p. **House of Fraser** became a nervous market anticipating events at today's Board meeting and the close was 3 lower at 117p; **Lonrho** held at 99p.

Electrical leaders made fresh progress with **GEC** improving 5 more to 600p and **Plessey** 3 to 275p. Helped by news that the company may sell its record plants to Electrosound Group of the U.S., **Thorn EMI** rose to 298p before settling at 294p for a rise of 6. Against the trend, nervous offerings ahead of tomorrow's interim results left **Racal** down 7 at 308p. Satisfactory results left **Eurotherm** 18 better at 248p. Still reflecting bid hopes, **Muirhead** closed 5 up at 83p, after 86p.

John Brown continued to make progress at 63½p, up 2, awaiting the interim results due on Friday. Other Engineering leaders passed a rather uninspiring session, but selective support was evident for secondary issues. **Alcan Aluminium** rallied 6 to 52p, after recent weakness and **British Aluminium** picked up 5 to 117p. **Record Ridgway** rose 6 to 43p on the company's announcement that discussions are taking place which may lead to an increased offer from Bahco, while buying ahead of tomorrow's preliminary results left **F. Pratt** 7 to the good at 50p. **Birmid Qualcast** firmed 3 to 26p and **Weir Group** edged up 3½ more to 26½p. By way of contrast, **Benjamin Priest** dipped 7 to 44½p on the slump in half-year profits and final dividend warning.

Associated Dairies, down 7 on Monday ahead of the interim results originally scheduled for today, dipped to 178p before closing a net 5 off at 182p on the surprise £45m rights issue proposal and the half-yearly figures. **Tate and Lyle**, a good market of late on the better-than-expected preliminary results, shed 4 to 162p on the company's decision to consider a rescue plan for its sugar refinery in Liverpool. Elsewhere in Foods, **Glass Glover** rose 6 to 53p on the good annual results and the Board's confident statement.

Dundonian emerged as a firm feature in miscellaneous industrials, rising 7 to 64p in response to news of the acquisition of Planned Savings (Holdings) for £1m, payable by £350,000 cash plus 812,500 new ordinary shares in Dundonian. Dealings in **Renwick** were resumed after the previous day's suspension at 77p; the close was 85p to match the bid terms offered by the Hong Kong-based Kangra International Group which recently built up a 27½ per cent stake through the London market. Continuing bid hopes helped **Barget** to touch 120p before a close of 118p, a net 2 better. Renewed investment demand left **BTR** 8 higher at 374p, while speculative support was again forthcoming for **Pritchard Services**, which improved 4½ to 129½p. The leaders generally moved higher in thin trading, but **Reed International** contrasted with a reaction of 2 to 182p following slightly disappointing first-quarter figures.

Demand for travel concerns continued. **Horizon Travel** rising 8 afresh to 155p and **Saga Holidays** 5 more to 253p.

BL continued to make progress in an exceptionally narrow market on reflection of the Government's latest aid package and the close was a penny better at 21p. The news provided a welcome fillip to recently depressed **Lucas**, 7 up at 171p.

Newspapers continued firm in places, **Bristol Evening Post** added 10 more to 175p, still 15 below the offer price from **Associated**, 5 better at 240p. **News International** closed a couple of pence to the good at 93p: the proposed takeover of Times Newspapers is not to be referred to the Monopolies Commission.

Hopes for a further cut in Minimum Lending Rate gave fresh impetus to Properties which again registered useful improvements, **Land Securities** rising 5 more to 383p and **MEPC** 4 to 232p. **Haslemere Estates** became a good market and firmed 10 to 378p.

BP improve

A little more interest developed in Oils shares which maintained the firmer trend. Among the leaders, **BP** firmed a few pence more in the late dealings to close 6 higher at 410p following news that the U.S. is to end price controls on domestic oil. Elsewhere, **KCA** advanced 8 to 172p on the announcement that the company had acquired a 51 per cent interest in Baron Co. Inc. of the U.S., while rumours, subsequently denied, of a gas strike in the Isle of Wight area, left **Clyde** 40 up at 745p, after 755p. On the other hand, **Strata** fell 12 to 172p on lack of any further news on the Woodada 3 well.

First-half profits from **Inchcape** proved to be much as expected, but disappointment with the mere maintenance of the dividend and the chairman's uncertain view of the second half resulted in a close of 427p, down 13.

Financial Trusts continued to be featured by **Mercantile House** which rose 30 more to 600p following comment on the interim results. Already 8 higher at 134p, **Hambro Trust** held that level following the increased interim dividend.

Tobaccos again attracted good support and **Bats** advanced 9 to 252p, while **Imperial** added a penny more to 78½.

Golds mixed

Mining markets were much quieter than on Monday. The uncertain course of the bullion price, finally $517.50 an ounce after an afternoon fix of $524, left leading gold shares mixed, and the Gold Mines index rallied 5.1 to 292.9.

South African Golds opened easier, in line with the metal, rallied on good demand from all sides around midday and then fell away to close below the day's best. **Vaal Reefs** and **East Driefontein** closed at £31 and £10⅜ respectively, each ¼ better, while **Winkelhaak** put on ½ to £11¼. **West Driefontein** and **Kloof** improved ½ to £26¼ and £12⅝ respectively.

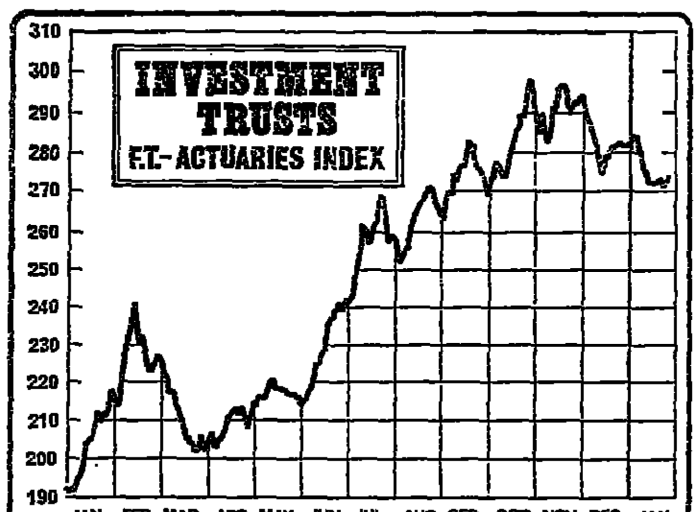
Among the cheaper-priced issues, **"Sallies"** gained 40 to 248p, **Grootvlei** 20 to 269p and **Welkom** 19 to 579p, but falls were registered in **Durban Deep**, 26 weaker at 744p, **Unisel**, 22 cheaper at 289p and **East Daggafontein**, down 20 at 88p.

South African Financials were also mixed, with **Gold Fields of South Africa** 1¼ better at £27¼ and **"Johnnies"** a similar amount down at £26¼. **Transvaal Consolidated Land** dipped 1¾ to £18.

London Financials closed below the best and with little change on balance.

In generally quiet Tins, **Malayan Tin Dredging** stayed at the previous close of 114p pending an announcement, expected today.

Australians were mostly weaker, with **CRA** losing 14 to 230p, **Peko-Wallsend** 10 to 410p and **Poseidon** 20 to 230p. The Rundle twins recovered somewhat from early falls, with **Central Pacific** closing 13 down at 315p, after 295p, and **Southern Pacific** ending 1 off at 116p, after 105p.



ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980-81 high	1980-81 low
Boots	25p	9	237	+ 2	258	158
BAT Inds.	25p	8	252	+ 9	295	223
GEC	25p	8	600	+ 5	620	326
De Beers Defd.	R0.50	7	342	+ 2	553	340
ICI	£1	7	290	+ 2	402	282
RTZ	25p	7	393	+ 1	486	322
Shell Transport	25p	7	430	− 2	522	314
Bass	25p	6	207	+ 8	243	188
BP	25p	6	410	+ 6	502	320
Distillers	50p	5	191	+ 4	235	178
Harmony Gold	R0.50	5	682	− 3	£14½	675
P & O Defd.	£1	5	119	+ 2	136	105
Tate and Lyle	£1	5	162	− 4	178	118
Thorn EMI	25p	5	294	+ 6	380	260
Western Mining	A$0.50	5	240	− 6	332	177

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Jan. 19	Jan. 30	Apr. 29	May 11
Feb. 2	Feb. 13	May 14	May 26
Feb. 16	Feb. 27	May 28	June 8

For rate indications see end of Share Information Service

Stocks favoured for the call included Hambro Life, Westminster Properties, Lonrho, Premier Oil, Marinex, Gripperrods, Simmer and Jacks, Western Deep, Impala, East Daggafontein, Rentokil, Phoenix Timber, BSG, Shell, Elseburg, Westward TV, Cray Electronics and Free State Geduld. Puts were taken out in Town and City Properties, Mills and Allen, ICI, Boots and GKN, while doubles were arranged in Ocean Transport and Rentokil.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., Jan. 27, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon., Jan. 26 Index No.	Fri., Jan. 23 Index No.	Thur., Jan. 22 Index No.	Wed., Jan. 21 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (211)	284.01	+1.2	14.56	5.91	8.15	280.70	276.68	279.13	280.04	231.88
2 Building Materials (26)	256.45	+2.6	18.22	6.73	6.55	250.03	246.61	246.77	246.98	225.72
3 Contracting, Construction (26)	429.24	+1.7	23.30	5.70	5.64	422.05	419.00	419.40	417.38	229.29
4 Electricals (27)	931.65	+0.7	9.75	2.82	12.64	924.95	904.71	915.37	915.62	585.60
5 Engineering Contractors (11)	389.16	+1.9	15.32	6.65	8.32	382.02	379.58	377.95	377.59	285.04
6 Mechanical Engineering (71)	166.00	+0.8	17.54	8.02	6.96	164.67	163.31	164.34	166.42	162.24
8 Metals and Metal Forming (13)	129.98	+0.5	20.54	12.84	6.16	129.30	127.81	129.11	132.15	160.05
9 Motors (21)	86.34	+1.9	23.47	9.67	4.93	84.70	84.67	86.63	86.97	113.50
10 Other Industrial Materials (16)	289.19	+1.1	15.85	7.42	7.50	285.91	283.52	288.52	288.11	0.00
21 CONSUMER GROUP (199)	238.60	+0.9	16.00	6.61	7.58	236.41	233.51	233.51	233.06	222.05
22 Brewers and Distillers (20)	268.77	+0.7	17.24	6.84	7.15	261.70	257.36	256.29	258.18	218.45
25 Food Manufacturing (23)	213.28	+0.4	18.56	7.40	6.39	212.49	211.12	211.39	210.25	203.02
26 Food Retailing (14)	463.87	−0.1	10.03	3.34	11.78	464.47	467.26	469.86	471.34	310.33
27 Health and Household Products (7)	254.28	+0.6	10.43	5.61	11.42	252.85	249.41	249.43	251.24	215.73
29 Leisure (22)	348.56	+1.1	15.04	5.56	7.69	344.62	339.75	339.30	334.94	240.54
32 Newspapers, Publishing (12)	423.75	+1.0	21.73	7.35	5.98	419.65	420.77	425.27	427.61	428.91
33 Packaging and Paper (15)	113.15	+0.3	22.40	10.73	4.08	112.80	112.48	112.27	112.21	125.58
34 Stores (44)	225.20	+0.7	12.84	5.71	10.79	243.76	243.26	240.69	242.82	221.00
35 Textiles (21)	126.84	+0.6	20.63	10.83	5.44	123.81	123.56	124.40	123.90	129.78
36 Tobaccos (3)	205.39	+2.8	27.41	11.12	4.15	203.75	197.33	198.42	197.92	219.39
39 Other Consumer (18)	238.73	+0.2	16.22	9.07	7.61	235.55	234.54	236.58	236.45	0.00
41 OTHER GROUPS (78)	236.73	+0.8	18.70	8.23	6.59	239.14	207.38	207.79	208.00	203.97
42 Chemicals (15)	275.59	+0.4	21.22	9.63	5.52	274.38	271.41	270.79	272.87	300.26
44 Office Equipment (6)	100.94	+1.1	18.44	8.23	6.43	99.81	98.92	100.28	99.75	115.13
45 Shipping and Transport (12)	545.28	+1.5	14.05	6.89	8.72	537.08	533.10	531.21	533.28	433.39
46 Miscellaneous (45)	239.82	+0.5	17.84	6.68	7.12	253.20	252.25	252.92	252.06	212.70
49 INDUSTRIAL GROUP (488)	251.90	+1.0	16.00	6.53	7.58	249.52	245.42	246.27	247.03	225.74
51 Oils (12)	881.40	−0.9	27.25	5.97	4.09	873.97	859.62	855.24	870.84	717.74
59 500 SHARE INDEX	300.87	+1.0	18.56	6.40	6.34	298.01	294.02	294.46	296.38	265.71
61 FINANCIAL GROUP (118)	237.63	+0.7	—	5.51	—	235.87	233.05	233.59	234.56	193.64
62 Banks (6)	258.73	+0.3	42.85	7.35	2.80	258.00	257.65	233.46	232.94	224.53
63 Discount Houses (10)	301.33	+0.4	—	5.96	—	300.74	300.35	296.87	295.97	245.60
64 Hire Purchase (5)	208.74	+1.0	11.65	4.91	11.58	206.69	207.39	207.39	208.96	182.83
65 Insurance (Life) (10)	251.01	+1.3	—	6.33	—	245.80	238.79	239.72	237.67	161.60
66 Insurance (Composite) (9)	129.82	+0.3	—	7.81	—	129.36	127.81	128.92	128.33	124.65
67 Insurance Brokers (9)	307.74	+0.6	14.82	7.53	9.23	305.76	296.40	296.21	295.68	287.87
68 Merchant Banks (13)	146.17	+0.9	—	5.29	—	144.86	143.50	143.48	143.39	98.51
69 Property (45)	457.24	+1.2	3.25	2.70	42.76	451.66	447.27	443.98	445.25	351.20
70 Miscellaneous (11)	171.13	+0.7	16.03	5.40	7.93	169.93	169.11	166.60	157.15	128.24
71 Investment Trusts (109)	274.62	+0.9	—	5.59	—	272.10	271.91	271.62	272.92	212.54
81 Mining Finance (3)	214.45	+0.4	15.29	6.25	7.79	213.70	216.10	218.29	221.83	193.58
91 Overseas Traders (20)	425.26	−0.3	12.68	5.91	10.08	425.53	426.04	424.99	425.68	388.73
99 ALL-SHARE INDEX (750)	287.67	+0.9	—	6.21	—	285.16	281.86	281.93	283.19	248.60

FIXED INTEREST PRICE INDICES

British Government	Tues., Jan. 27	Day's change %	Mon., Jan. 26	xd adj. today	xd adj. 1981 to date
1 Under 5 years	107.46	+0.07	107.38	—	0.85
2 5-15 years	109.28	+0.45	108.89	—	1.35
3 Over 15 years	113.80	+0.44	113.31	—	0.39
4 Irredeemables	128.24	+0.39	127.74	—	0.00
5 All stocks	109.92	+0.30	109.60	—	0.86

FIXED INTEREST YIELDS British Govt. Av. Gross Red.		Tues., Jan. 27	Mon., Jan. 26	Year ago (approx.)
1 Low	5 years	11.66	11.67	12.10
2 Coupons	15 years	12.29	12.33	12.09
3	25 years	12.37	12.43	12.09
4 Medium	5 years	13.45	13.49	13.45
5 Coupons	15 years	13.86	13.93	13.25
6	25 years	13.63	13.70	13.62
7 High	5 years	13.44	13.48	14.70
8 Coupons	15 years	14.28	14.34	14.22
9	25 years	14.07	14.13	13.88
10 Irredeemables		11.51	11.55	11.14

	Tues., Jan. 27 Index No.	Yield %	Mon., Jan. 26	Fri., Jan. 23	Thur., Jan. 22	Wed., Jan. 21	Tues., Jan. 20	Mon., Jan. 19	Fri., Jan. 16	Year ago (approx.)
15 20-yr. Red. Deb. & Loans (15)	52.05	14.22	52.05	52.04	52.05	52.03	52.02	51.96	51.97	51.02
16 Investment Trust Prefs. (15)	50.55	15.35	51.35	51.53	51.53	51.58	51.45	51.35	51.35	48.45
17 Coml. and Indl. Prefs. (20)	68.10	15.19	68.10	68.10	68.10	68.10	67.98	67.86	67.86	62.21

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26p.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980/81 High	1980/81 Low	Stock	Closing Price p	+ or −	Net Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Amer. Comm. Inds.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Do. Notes	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Grampian	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Dunton 5p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Independent Inv.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Intl. Sig. & Control	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	New Tokyo Inv. Tst.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Parkfield Foundry	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Pennine	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Sonic Sound Audio	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Westpool Inv. Defd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1980/81 High	1980/81 Low	Stock	Closing Price £	+ or −
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Allied London 8½% Cnv. Uns. Ln. 1999	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Chester Waterworks 9% Red. Pref. 1985	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Comben 11.375% Cum. Red. Pref.	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Crystalate	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	East Anglian Water 9% Red. Pref. 1985	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	East Worcester 9% Red. Pref. 1985	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Essex Waterworks 9% Red. Pref.	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Iceland 14½% 2016	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Merchant Secs.	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Mid-Sussex Wtrwks	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Paterson Zoch.	[illegible]	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Portals 9½% Cnv. 1994-2000	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Standard Industrial Trust	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980/81 High	1980/81 Low	Stock	Closing Price p	+ or −
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Bentox	[illegible]	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Brotherhood P.	[illegible]	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Hampton Trust	[illegible]	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Johnson, Matthey	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	KCA Intnl.	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	L. Industrial	[illegible]	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	North Kalgurli Mines	[illegible]	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Norcros	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Prestwich Parker	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Royal Insurance	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Security Centres	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Warren Plants	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1981. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ||| Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ‡ Unlisted Securities Market. ‡‡ London Listing. ∮ Effective issue price after scrip. ‡‡ Units comprising 125 A Ord. & 6 12½% Conv. Prf.

FINANCIAL TIMES STOCK INDICES

	Jan. 27	Jan. 26	Jan. 23	Jan. 22	Jan. 21	Jan. 20	year ago
Government Secs.	69.04	68.86	69.09	68.94	68.72	68.53	67.65
Fixed interest	70.54	70.51	70.67	70.63	70.38	70.35	68.89
Industrial Ord.	467.4	463.9	455.7	457.1	461.7	458.6	464.0
Gold Mines	292.9	287.8	325.4	353.0	358.6	353.0	334.6
Ord. Div. Yield	7.67	7.74	7.88	7.86	7.80	7.85	7.08
Earnings, Yld. % (full)	17.30	17.45	17.77	17.56	17.41	17.52	17.46
P/E Ratio (net) (*)	7.07	7.01	6.88	6.97	7.03	6.99	7.04
Total Bargains	21,641	20,241	17,725	19,976	19,573	20,061	22,822
Equity turnover £m.	—	98.13	129.87	116.89	130.38	76.68	115.99
Equity bargains total	—	15,908	18,027	15,255	16,070	11,485	18,054

10 am 465.7. 11 am 468.2. Noon 469.6. 1 pm 467.7.
2 pm 467.8. 3 pm 467.7.
Latest index 01-246 8026
* Nil = 6.53.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980/81 High	1980/81 Low	Since Compil'ti'n High	Since Compil'ti'n Low
Govt. Secs.	72.54 (21/7/80)	63.85 (7/3/80)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7/80)	64.70 (10/5/80)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	515.9 (21/11/80)	406.9 (3/1/80)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	558.9 (22/9/80)	265.5 (18/3/80)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Jan. 27	Jan. 26
—Daily		
Gilt Edged	132.8	116.3
Industrials	93.6	97.1
Speculative	47.5	38.9
Totals	71.0	69.9
5-day Avrge.		
Gilt Edged	117.2	117.4
Industrials	94.1	95.5
Speculative	38.2	33.4
Totals	69.1	68.4

NEW HIGHS AND LOWS FOR 1980/81

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980-81.

NEW HIGHS (52)

BRITISH FUNDS (2)
Treasury 9¾pc 1981 Exchequer 8¼pc 1981

AMERICANS (1)
Chesebrough-Pond's

BANKS (1)
Manson Finance

BEERS (1)
Morland

BUILDINGS (7)
Barratt Dev. Francis Parker
Bett Brothers Magnet and Southerns
Comben Tunnel "B"
Finlan (John)

CHEMICALS (1)
Novo Inds. A/S "B"

STORES (2)
Haelamat NSS News.

ELECTRICALS (2)
First Castle Hadland (J.)

ENGINEERING (1)
Hall (Matthew)

FOODS (2)
Matthews (B.) Morrison (W.)

INDUSTRIALS (11)
Barget Renwick
Elect. Ind. Sec. Russell (A.)
Esperanza Smith and Nephew
Granada "A" Spring Grove
NCR 4pc 1993-98 Swire Pacific
Pritchard Services

INSURANCES (1)
Sun Life

LEISURE (2)
Horizon Saga Holidays

PAPER (1)
Saatchi and Saatchi

PROPERTY (4)
Beazer (C. H.) Kent (M. P.)
City Offices Warner Estate

TEXTILES (2)
Miller (F.) SEET

TRUSTS (8)
Altifund Inc. G. T. Japan
Crescent Japan English Association
Fulcrum Cap. M. and G. Hldgs.
Fundinvest Inc. Mercantile House

OVERSEAS TRADERS (3)
Paterson Zochonis Tozer Kemsley SpcLn.
Do. "A" N/V

NEW LOWS (34)

AMERICANS (2)
Norton Simon Pennzoil

BANKS (3)
Bank of Ireland Cie. Bancaire
Commerzbank

BEERS (1)
Irish Distillers

CHEMICALS (4)
BASF AG Hoechst
Bayer AG Norsk Hydro

ENGINEERING (4)
Beauford Priest (B.)
Ductile Steels Wood (S. W.)

INDUSTRIALS (5)
Christie-Tyler Steetley
Friedland Doggart Waterford
St.-Gobain

TRUSTS (1)
Kakuzi

OILS (1)
Cie. Fr. Petroles "B"

MINES (13)
Durban Deep New Wit.
West Rand Rand Lon. Coal Part
Bracken Cum. Prf.
Leslie Rand Min. Props.
Wit. Nigel Wankie Colliery
Elandsrand Gold Bougainville
Unisel Selrust "A"

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	79	—	15
Corpns., Dom. and Foreign Bonds	7	4	51
Industrials	440	126	835
Financial and Prop.	218	32	248
Oils	27	18	24
Plantations	1	7	15
Mines	44	64	55
Others	31	71	56
Totals	847	322	1,299

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Frankfurt Trust Investment—GmbH
Neue Mainzer Strasse 74-76, D-6000 Frankfurt.

FT-Interzins	DM37.54	41.03	+0.01	—
Frankft. Effekt. Fd.	DM49.80	52.42	−0.33	—

Free World Fund Ltd.
Butterfield Bldg., Hamilton, Bermuda.
NAV Dec. 31 | US$152.19 | — | —

G.T. Management Ltd.
Park Hse., 16 Finsbury Circus, London EC2
Tel: 01-628 8131. TLX: 886100
London Agents for:

Anchor 'B' Units	US$1.78	1.83	—	1.19
Anchor Gilt Edge	£9.15	9.21	+0.04	13.79
Anchor Int. Fd.	US$8.69	8.92	—	1.18
Anchor In. Jsy. Tst.	39.7	42.4	—	2.83
Berry Pac Fd.	US$64.66		—	0.85
Berry Pac Strlg.	£3.36	3.515	—	1.18
G.T. Asia Fd.	HK$20.91		—	1.20
G.T. Asia Sterling	£26.73	27.20	—	1.53
G.T. Australia Fd.	A$38.87	41.30	—	0.72
G.T. Bond Fund	US$12.10		−0.08	10.74
G.T. Dollar Fd.	US$12.91		—	1.16
G.T. Dir. (Strlg.) Fd.	13.31	13.86	—	1.13
G.T. Invest. Fd.	US$17.51		+0.06	0.57
G.T. Japan Small Cos.	US$17.49		—	—
Marianne (STG) Fd.	£10.49	11.07	—	3.29
G.T. Technology Fd.	US$22.68		+0.27	—
G.T. Pacific Fd.	US$16.23		−0.19	2.16
G.T. Asean Growth Fd.	US$10.94	11.70	—	0.45

Gartmore Invest. Ltd. Ldn. Agts.
2, St. Mary Axe, London, EC3. 01-283 3531

Gartmore Fund Managers (C.I.) Ltd. (a) (b)
41, Broad St., St. Helier, Jersey. 0534-73741
Gilt Fund (Jersey) | 91.0 | 96.0 | — | 12.75

Gartmore Fund Managers (Far East) Ltd. (a)(b)
1503 Hutchison Hse., 10 Harcourt Rd., H. Kong

Australian Tst.	US$13.57	14.632	—	—
HK & Pac. U. Tst.	HK$7.671	8.196	—	2.60
Japan Fd.	US$23.570	25.326	—	0.60
N. American Tst.	US$23.96	25.099	—	1.00
Intl. Bond Fund	US$11.78	12.412	—	9.30

Gartmore Fund Managers (IoM) (a)
P.O. Box 32, Douglas, IoM. 0624 23911

Gartmore Intl. Inc.	21.6	23.0	—	13.50
Gartmore Intl. Grth.	138.9	147.8	—	0.50

Assicurazioni GENERALI S.p.A.
P.O. Box 132, St. Peter Port, Guernsey, C.I.

Kleinwort Benson Group
20, Fenchurch St., EC3. 01-623 8000

Guernsey Inc.	84.6	89.7	—	5.33
Do. Accum.	114.5	121.4	—	5.33
K.B. Eurobond Fd.	£8.80	8.90	—	9.36

Save & Prosper International
Dealing to
P.O. Box 73, St. Helier, Jersey 0534 73933
Fixed Interest Funds

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

M & G Group (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588
See also Stock Exchange Dealings.

American	56.4	60.6xd	-0.7	2.16
(Accum. Units)	60.6	65.1	-0.7	2.16
American Recovery	61.3	65.6	-0.6	1.85
(Accum. Units)	63.0	67.4	-0.6	1.85
Australasian	111.7	119.0	-4.0	0.57
(Accum. Units)	116.1	124.2	-4.2	0.57
Commodity	130.7	141.2xd	+0.3	3.40
(Accum. Units)	153.7	166.0	+0.3	3.40
Compound Growth	172.0	184.0	-1.0	3.40
Conversion Growth	110.7	118.4	-1.5	3.07
Conversion Inc.	67.7	72.4	-0.3	11.58
Dividend	119.8	128.2	+0.1	9.97
(Accum. Units)	266.6	285.3	+0.2	9.97
European	57.6	61.6xd	-0.5	4.36
(Accum. Units)	63.1	67.5	-0.6	4.36
Extra Yield	77.9	83.3	+0.6	11.12
(Accum. Units)	121.9	130.4	+0.8	11.12
Far Eastern	104.2	111.5	-0.5	1.25
(Accum. Units)	118.8	127.1	-0.5	1.25
Fund of Inv. Tsts.	89.2	96.3	+0.3	4.50
(Accum. Units)	119.2	128.7	+0.4	4.50
General	208.1	223.7xd	+0.9	6.59
(Accum. Units)	360.7	387.8	+1.6	6.59
Gilt	48.4	50.8	+0.1	11.52
(Accum. Units)	48.4	50.8	+0.1	11.52
High Income	96.6	103.4	+0.2	11.40
(Accum. Units)	192.2	205.7	+0.5	11.40
Japan	158.8	169.9	-0.8	0.86
(Accum. Units)	166.7	178.4	-0.8	0.86
Magnum	326.4	346.0	-4.2	5.42
(Accum. Units)	451.4	478.5	-5.8	5.42
Midland	148.8	159.2	+0.4	10.59
(Accum. Units)	285.1	305.1	+0.9	10.59
Recovery	116.1	124.2xd	+1.2	6.32
(Accum. Units)	129.7	138.8	+1.3	6.32
Second Gen.	230.9	249.4	+0.4	5.38
(Accum. Units)	385.6	416.5	+0.8	5.38
Smaller Companies	251.4	269.0	-0.4	4.69
(Accum. Units)	338.9	362.6	-0.5	4.69
Specialised Funds				
Trustee	158.6	171.3	+0.6	7.51
(Accum. Units)	354.0	382.3	+1.9	7.51
Charibond Jan. 20		101.2		13.20
Charifund Jan. 27	155.2	157.6	+1.3	9.41
Pension Ex. Jan. 26	167.2	176.4	.....	6.49

ManuLife Management Ltd.
St. George's Way, Stevenage. 0438 56101

Growth Units	75.5	79.5	.....	5.57

Mayflower Management Co. Ltd.
14-18, Gresham St., EC2V 7AU. 01-606 8099

Income Jan. 19	100.7	106.0	.....	10.00
General Jan. 19	72.2	76.0	.....	6.05
Intnl. Jan. 19	52.7	55.5	.....	2.84

Mercury Fund Managers Ltd.
30, Gresham St., EC2P 2EB. 01-600 4555

Mrc. Gen. Jan. 21	65.5	69.7	+1.9	4.47
Acc. Units Jan. 21	93.3	99.2	+2.4	4.47
Mrc. Int. Jan. 21	86.4	91.9xd	-4.0	3.20
Acc. Units Jan. 21	99.4	105.7	-4.6	3.20
Merc. Ext. Jan. 21	78.9	82.1	+2.1	5.39
Acc. Units. Jan. 21	103.9	108.0	+2.7	5.39

Midland Bank Group Unit Trust Managers Ltd.♥ (a)
Courtwood House, Silver Street, Head. Sheffield, S1 3RD. Tel. 0742 79842

Commodity & Gen.	106.2	116.0	-1.4	3.33
Acc. Uts.	133.1	145.7	-1.8	3.33
Overseas Growth	44.4	48.0xd	-0.4	2.29
Do. Accum.	50.6	54.7	-0.4	2.29
Capital	30.4	32.9xd	+0.3	4.46
Do. Accum.	36.3	39.3	+0.4	4.46
Income	56.7	61.3	+0.6	6.98
Do. Accum.	73.9	79.9	+0.7	6.98
North American	42.1	45.5	-0.2	2.62
Do. Accum.	46.9	50.7	-0.3	2.62
High Yield	57.4	61.6	+0.7	9.65
Do. Accum.	71.6	78.4	+0.9	9.65
Japan & Pacific	56.6	61.3	-0.1	0.44
Do. Accum.	57.8	62.6	-0.1	0.44
Gilt & Fixed Int. Tst.	47.6	49.5	+0.2	12.25
Do. Accum.	47.6	49.5	+0.2	12.25
Equity Exempt*	122.5	129.2	.....	4.55
Do. Accum.*	131.9	139.2	.....	4.55

*Prices at Jan. 23. Next dealing Jan. 30.

Scottish Equitable Fnd. Mgrs. Ltd.♥
28 St. Andrews Sq. Edinburgh 031-556 9101

Income Units	59.8	63.6	-0.7	5.81
Accum. Units	76.1	81.0	+0.9	5.81

Dealing day Wednesday.
For Sebag see Carr, Sebag Unit Trust Managers.

Security Selection Ltd.
Regis Hse., King William St, EC4. 01-623 4951.

Unvl Gth Tst Acc	34.1	36.3	.....	8.33
Unvl Gth Tst Inc.	25.4	27.1	.....	8.33

SIMCO Money Funds
66, Cannon Street, EC4N 6AE 01-236 1425

SIMCO Call Fund†	100.0	—	.....	14.55
SIMCO 7-Day Fund†	100.0	—	.....	14.05

†Unauthorised—Cash Deposit Funds.

Stewart Unit Tst. Managers Ltd.(a)
45, Charlotte Sq., Edinburgh. 031-226 3271

†Stewart American Fund				
Standard Units	77.1	81.9	.....	1.84
Accum. Units	83.9	89.2	.....	—
Withdrawal Units	62.6	66.6	.....	—
*Stewart British Capital Fund				
Standard	178.4	190.3	.....	7.44
Accum. Units	207.6	221.5	.....	7.44

Dealing †Tues. & Fri. *Wed.

Sun Alliance Fund Mngt. Ltd.
Sun Alliance Hse., Horsham. 0403 64141

Ex. Eq. Jan 14	£300.20	316.10	.....	5.09
♥The Family Fd.	123.7	131.5	+1.2	5.43

Target Tst. Mngrs. Ltd.♥(a)(g)
31, Gresham St., E.C.2. Dealings: 0296 5941
19, Athol Crescent, Edin. 3. 031-229 8621/2

Commodity	61.8	66.5	-0.4	2.75
Energy	50.0	53.8xd	+0.6	2.61
Financial	88.7	95.4	+0.6	4.02
Gilt Capital	134.2	140.0	+0.4	3.25
Gilt Income	93.0	97.1	+0.5	12.38
Investment Trust	44.8	49.2	+0.5	3.53
Special Situations	30.6	32.9	+0.5	4.23
American Eagle	33.4	35.9xd	-0.4	1.07
Pacific Income	32.7	35.2	-0.1	1.74
Pacific Accum.	37.9	40.8	-0.1	1.74
Income	24.1	25.9	+0.2	11.14
Extra Income	51.0	54.8	+0.3	12.20
Preference Share	12.0	13.1xd	.....	12.99
Equity	46.6	50.1xd	.....	6.18
Income and Growth	51.1	55.0xd	+0.7	4.21
Growth	37.5	40.3	+0.3	3.78
Professional Jan. 28	215.6	233.1xd	+0.4	4.57
Eqcy. Ex. Inc. Jan. 28	262.5	283.8	+6.6	6.71
Eqty. Ex. Acc. Jan. 28	408.4	441.5	+10.3	6.71
Cartiol H.Y. Jan. 28	33.9	36.6	+0.9	9.81
Cartiol Accum. Jan. 28	51.0	55.1	+2.4	9.81

Tower Unit Trust Mngt. Ltd.
39/45 Finsbury Square, EC2A 1PX. 01-628 2612

Income & Growth	21.5	22.9	+0.1	8.94
Special Situations	29.2	30.7	.....	2.40

Trades Union Unit Tst. Managers♥
100, Wood Street, E.C.2. 01-628 8011

TUUT Jan. 2	60.4	64.3	.....	5.39

Transatlantic and Gen. Secs. (c) (y)
91-99, New London Rd., Chelmsford. 0245-51651

Barbican Jan. 22	85.9	91.0	.....	6.04
(Accum Units)	146.3	154.9	.....	6.04
Barb. Exempt Dec. 31	60.4	61.9	.....	3.38
Buckingham Jan. 22	90.0	96.0	.....	6.60
(Accum. Units)	123.3	132.2	.....	6.60
Colemco Jan. 23	169.2	179.2	.....	6.23
(Accum. Units)	229.4	241.5	.....	6.23
Cumberland Jan. 21	49.2	52.7	.....	10.12
(Accum. Units)	62.2	66.6	.....	10.12
Fielding Int. Jan. 22	110.3	116.1	.....	3.64
(Accum. Units)	110.3	116.1	.....	3.64
Glen Jan. 27	70.8	75.8	+1.4	3.92
(Accum. Units)	99.1	106.0	+1.9	3.92
Marlborough Jan. 27	62.3	65.4	+1.3	2.85
(Accum. Units)	75.6	79.4	+1.5	2.85
Vangd. Gwth. Jan. 27	61.4	65.2	+0.3	2.96
(Accum. Units)	80.1	85.1	+0.5	2.96
Vangd. HY Jan. 27	62.8	67.3xd	-0.4	11.35
Vangrd. Tst. Jan. 21	60.5	63.3	.....	6.56
(Accum. units)	59.5	62.8	.....	6.56
Wickmoor Jan. 22	78.5	83.2	.....	4.56
(Accum. Units)	101.6	107.7	.....	4.56
Wickmoor Dv. Jan. 23	64.3	69.0	.....	10.34

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OFFSHORE & OVERSEAS FUNDS

Continued on previous page

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INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

1980-81 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
93¾	82¾	Aust. 5½pc '81-82	93¾	......	5.98	13.08
85¼	72½	Do. 6pc 1981-83	84¼	+¼	7.20	13.22
67¼	58	N.Z. 7¼pc 1983-92	64	......	11.42	13.65
82¼	72	Do. 7½pc '83-86	78¼	+¼	9.69	15.54
98	88	Sth. Africa 9½pc '79-81	97½	......	9.93	16.28
160	95	S. Rhod. 2½pc Non-Ass.	119	–1	—	—
50	31	Do. 3½pc 80-85 Asstd.	45	–1	8.13	24.70
32	20½	Do. 4½pc 87-92 Asstd.	25d	–1	17.30	25.60
381	270	Zimbabwe Ann (£100pa)	355	......	—	25.74

LOANS

Public Board and Ind.

1980-81 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
64½	56½	Agric. Mt. 5pc '59-89	62¼	......	8.08	12.42
84	73½	Alcan 10½pc '89-94	77	......	15.14	16.20
30	25	Met. Wtr. 3pc 'B'	29¼	......	10.70	12.90
104½	89	U.S.M.C. 9pc 1982	102	......	8.95	—
93½	85½	Do. without Warnts.	93½	......	9.78	14.90

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Copper

Miscellaneous

180	$78\frac{1}{2}$	Anglo-Dominion	142	−13	—	—	—
97	43	Barymin	47	−1	—	—	—
17	12	Burma Mines 10p	$15\frac{1}{2}$	......	0.62	1.1	5.8
445	53	Colby Res. Corp.	243	−40	—	—	—
502	220	Cons. Murch. 10c.	220	......	t030c	1.8	7.8
160	75	††Hemerdon 10c.	75	......	—	—	—
225	36	Highwood Res.	155	......	—	—	—
585	325	Northgate C$1	340	−5	—	—	—
*486	322	R.T.Z.	393	+1	16.0	3.2	5.8
£115	£97	[illegible]	£97	......	[illegible]	—	10.0
138	91	††SPO Minerals 10p	130	......	—	—	—
58	26	Sabina Inds. C$1	37	−1	—	—	—
51	29	††SWCM 10p	33	+3	—	—	—
650	411	Tara Exptn. $1	500	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- ϕ Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ** Regional price.
- ll No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	39	......
Bertam	14	......
Bdg'wtr. Est. 50p	535	+5
Craig & Rose £1	$£11\frac{1}{4}$	......
Fife Forge	41	+2
Finlay Pkg. 5p	20	......
Graig Shp. £1	£18	+1
Higsons Brew.	70	+3
Holt (Jos) 25p	360	......
I.O.M. Stm. £1	168	......
Pearce (C. H.)	670	+10
Peel Mills	60	......
Sheff. Refrshmt	100	−1
Sindall (Wm.)	130	......

IRISH

Conv. 9% '80/82	$£93\frac{5}{8}$	$+\frac{1}{8}$
Nat. 9¾% 84/89	$£75\frac{1}{4}$	$+\frac{1}{4}$
Fin. 13% 97/02	$£85\frac{1}{8}$	$+\frac{1}{2}$
Alliance Gas	50	+2
Arnott	225	......
Carroll (P.J.)	77	......
Concrete Prods.	83	......
Heiton (Hldgs.)	32	......
Ins. Corp.	340	......
Irish Ropes	40	......
Jacob	$31\frac{1}{2}$	......
T.M.G.	26	......
Unidare	82	......

OPTIONS

3-month Call Rates

Industrials

A. Brew	7
BOC Intl.	9
B.S.R.	$4\frac{1}{2}$
Babcock	11
Barclays Bank	40
Beecham	15
Blue Circle	30
Boots	20
Bowaters	20
B.A.T.	25
Brown (J.)	$6\frac{1}{2}$
Burton	10
Cadburys	6
Courtaulds	6
Debenhams	8
Distillers	17
Dunlop	$7\frac{1}{2}$
Eagle Star	22
F.N.F.C.	$3\frac{1}{2}$
Gen. Accident	30
Gen. Electric	50
Glaxo	22
Grand Met.	14
G.U.S. 'A'	48
Guardian	32
G.K.N.	16
Hawker Sidd	20
House of Fraser	15
I.C.I.	28
"Imps"	7
I.C.L.	9
Inveresk	3
Ladbroke	24
Legal & Gen.	20
Lex Service	9
Lloyds Bank	28
"Lofs"	4
London Brick	6
Lucas Inds.	20
"Mams"	30
Mrks. & Spncr	9
Midland Bank	32
N.E.I.	7
Nat. West. Bank	32
P & O Dfd.	12
Plessey	25
Racal Elect.	32
R.H.M.	4
Rank Org.	16
Reed Intnl.	18
Sears	$4\frac{1}{2}$
Tesco	$5\frac{1}{2}$
Thorn	28
Trust Houses	18
Tube Invest.	18
Unilever	50
U.D.T.	$4\frac{1}{2}$
Utd. Drapery	$6\frac{1}{2}$
Vickers	14
Woolworths	5

Property

Brit. Land	8
Cap. Counties	11
Land Secs.	35
M.E.P.C.	20
Peachey	6
Samuel Props.	15
Town & City	$2\frac{1}{4}$

Oils

Brit. Petroleum	36
Burmah Oil	19
Charterhall	11
KCA	22
Premier	10
Shell	40
Tricentrol	34
Ultramar	48

Mines

Charter Cons.	20
Cons. Gold	45
Lonrho	10
Rio T. Zinc	45

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 30

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

FINANCIAL TIMES
Wednesday January 28 1981

General Moczar attacks 'the enemies of socialism'

Call for fresh Polish purge

BY CHRISTOPHER BOBINSKI IN WARSAW

GENERAL Mieczyslaw Moczar, the controversial former Interior Minister under the Gomulka regime whose return to mainstream Polish politics was signalled by re-entry into the Politburo last month, called yesterday for a further purge of those associated with the failures of the Gierek regime.

In a strongly worded article in the party newspaper Trybuna Ludu, the 68-year-old general said "the renewal of personnel must continue."

The purge should not stop at "those who caused damage and destruction through their depravity or thoughtlessness," but must include "those who do not understand' the new times and new tasks."

He made clear his support for what he described as "the great historic renewal of social life," but insisted that in this renewal process "there can be no place for the enemies of socialism who prey on great social movements, seeing them to be the field for their destructive activity."

His reference to "the enemies of socialism" is believed to be aimed at dissidents and other advisers to the independent trade unions who have been singled out for growing criticism by both the Polish party and other Soviet bloc parties.

General Moczar described the attempt by Mr. Stanislaw Kania, party secretary, to resolve the Polish crisis by political means as "deeply correct."

General Moczar's article appeared to be mainly directed against Mr. Stefan Olszowski who has insisted on the need to bring the mass media under strict party control.

Mr. Olszowski also took a hard line on the Saturday working issue. The low turnout during last Saturday's official working day must have hurt his political standing.

General Moczar's star has risen rapidly in the last six months. He has been careful to reassure the Soviet Union that his strong Polish nationalism is not in any way directed against the Soviet Union.

He has associated himself loosely with the general reform overthrow of his arch rival Mr. Edward Gierek.

A few days before Mr. Gierek's removal, he proposed a reform which would divide the party leadership between an elder statesman-like Chairman and an Executive Secretary.

Should the party decide to make such a reform at the party congress in March, he would be the obvious candidate.

General Moczar's nationalism and patriotism are unquestioned. He has also shown in the past his willingness to impose order on fellow Poles if necessary.

He could therefore be the kind of strong man the Soviet leaders would like, not to replace Mr. Kania, but to flank him and strength to the party.

Significantly, both the Czech and East German press have carried articles and photographs recently supporting General Moczar.

A leading figure in the Communist resistance movement during the war, the general won notoriety in 1968 when he suppressed a student protest movement. He was associated with a wave of officially inspired anti-semitism connected with internal political manoeuvring within the Communist Party. He was ousted by Mr. Gierek soon after the bloody riots in the Baltic ports in December, 1970, which brought the Gierek regime to power.

Gold-linked bond for Refinemet

A NEW technique was introduced yesterday in the Eurobond market when Drexel Burnham Lambert announced a gold-linked bond for Refinemet, the U.S. recycler of precious metals in which the Empain Scheider, the French Engineering to Aerospace group, holds a 61 per cent stake.

The issue, which involves the floatation of bonds denominated in gold, is expected to raise about $52m (£21.6m) for Refinemet, based on yesterday's London gold price. Altogether 10,000 15-year bonds will be issued with a nominal value of 10 ounces of gold each.

The bonds will bear interest at a nominal rate of between 4-5 per cent. Interest and principal are payable in gold to the extent that they are multiples of 100 ounces. Otherwise, payments will be in U.S. dollars based on an average market price of gold for a specified period preceding the payment date.

A sinking fund will retire 10 per cent of the issue annually as from 1991. The bonds can be called after February 1, 1986, or if the average price of gold over a 60-day period equals or exceeds $2,000.

Eurobonds, Page 23

Davy fights U.S. takeover

BY PAUL CHEESERIGHT AND HAZEL DUFFY

THE GOVERNMENT is coming under increasing pressure from Davy Corporation, Britain's largest process engineering contractor, to stop it falling into the hands of the Enserch Corporation of Dallas, Texas.

The lobbying by Davy is supported by other contractors and makers of process plant equipment.

The response by Ministers is believed to be sympathetic. Though the matter is complicated by Government desire to encourage foreign investment, there would be little comfort in seeing one of the largest exporters becoming part of a little-known American group.

This is particularly the case when industrialists are making it clear that they want the Government to act more along the lines of Governments in competing countries.

Sir John Buckley, the Davy chairman, made discreet reference to these moves when addressing the Institute of Export lunch in London yesterday.

He told Lord Carrington, the Foreign Secretary: "We don't expect the cavalry to come to the rescue, but a suitable gesture by the Grenadiers would not be out of place." Lord Carrington once served in the Grenadier Guards.

Sir John stressed later that Davy would not plead for Government intervention, but it is clear that political pressure is a key part of the company's campaign to fend off the £140m proposed offer from Enserch.

Last week Davy announced that it was taking legal action against Enserch in the U.S. Such action is quite common in U.S. takeovers, but it is unusual for British companies to take such a step.

Davy is already well known in Government circles through its efforts to win contracts for big international capital projects.

The Government is increasingly aware of the need to lend its weight to these efforts in the harshly competitive market for such projects, which bring important orders to British manufacturers.

Government support was evident in Davy's recent success in winning the contract in Morocco to build a £75m steel rolling mill and provide £275m worth of steel billets.

Last week Mr. John Biffen, the Trade Secretary, threw his weight behind Davy's bid to be awarded the contract for a large new steel plant in India.

Davy leads the consortium, which includes the British Steel Corporation and has won support of the Government although the rival consortium includes several UK companies.

SE fears threat to jobbing

BY CHRISTINE MOIR

THE Stock Exchange authorities would be forced to abandon the jobbing system at the heart of securities trading in the UK if the Restrictive Practices Court outlaws the SE Council's power to fix brokers' commission rates.

This would lead to a collapse of the systems which currently regulate the market, the Stock Exchange warns in a submission to the Restrictive Practices Court. As a result, the investing public would not be protected from risks of financial instability in member firms or from conflicts of interest between agents and principals in securities trading.

The final draft of the 232-page submission was approved at a special Stock Exchange Council meeting yesterday.

The submission sparks off the next stage of the six-year process which began in 1979 when the Stock Exchange had to submit its rulebook to the Office of Fair Trading under the automatic procedures of the Restrictive Trade Practices Act, 1976.

The submission agreed yesterday lists more than 200 rules or practices which could be deemed "restrictive" under the Act, but claims that they operate in the public interest and are interlinked.

To outlaw any one of the main 150 or so rules, the council claims, would have a domino effect on the others. Members would simply feel free to flout them.

The council claims it would be "neither practicable nor desirable" to seek to maintain the principle of single capacity—jobbers and brokers—in the absence of minimum fixed commissions.

These are much the most important restrictions embodied in the exchange's rulebook for members, the dealing code, the rules for the Unlisted Securities Market, the Yellow Book admitting companies to listing, and the lists on permitted and prohibited dealings.

The document gathers all these into five main areas: market systems (minimum commission and single capacity); regulatory restrictions; dealing restrictions; settlement systems; and permitted dealing rules.

However, the council is not really worried about the bulk of the rules in the last four areas. These only support the market systems and make them work. If these were passed by the court, therefore, the council is confident most of the others would also be approved.

The final outcome is unlikely to be known for three years. The document passed yesterday has to go into final form and then be studied by the Office of Fair Trading. The OFT will act as prosecutor before the court.

Leader, Page 18,
Lex, Back Page

Asda in rights issue

By Ian Rodger

ASSOCIATED DAIRIES, the rapidly expanding supermarket and furniture stores group launched a £45m rights issue yesterday along with the announcement of a slight effective reduction in interim profit but a one-sixth increase in the interim dividend.

The rights issue is on the basis of one new share at 154p for every eight held on January 23. It had been anticipated in the market and the shares fell 5p yesterday to 182p after dropping 8p on Monday.

Asda will use the money to help finance its ambitious £150m two-year capital spending programme, mainly to open new Asda superstores.

Reagan scraps oil price controls

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

PRESIDENT Ronald Reagan has decided to remove immediately the remaining Federal controls on domestic oil prices.

There was some confusion in a White House distracted by ceremonies for the returned American hostages over whether the actual announcement would be made late yesterday or today.

A phased end to control of domestic oil prices was instituted by President Jimmy Carter in 1979. An estimated 15-20 per cent of production is still subject to controls, which under the Carter schedule, were due to expire on September 30.

When a candidate, Mr. Reagan promised instant decontrol on oil (though not on natural gas, where a more prolonged phase-out is due to stretch into 1985).

There had been some debate during the transition period over the inflationary risk of decontrol. But the new Administration has concluded that the impact on the consumer will not be great and is, in any case, only coming a few months earlier than mandated.

On paper, ending controls could add as much as 10 cents a gallon to the price of petrol and home heating oil. Mr. Carter's final Budget included his long-standing proposal to add 10 cents a gallon to the tax on petrol and calculated that this would add about 2/5ths of 1 per cent to the consumer price index in 1981.

However, the Reagan Administration believes removing controls now may not lead to so large an increase and may prevent an even sharper rise in oil prices later in the year.

The argument is that higher prices will restrain demand and ease pressure on an international oil market already rendered uncertain by the Iran-Iraq war.

Mr. Reagan apparently intends to effect decontrol by executive order, requiring no Congressional role.

Immediate decontrol will bolster the Treasury's income through increased oil company revenues and a larger Government tax haul.

Reagan, Volcker conflict, Page 4

Continued from Page 1

Fraser

The other members of the Fraser board viewed the surprise reconciliation between the two men as "a bombshell." They have been unhappy about the situation after the group has fought two proxy battles with Lonrho at a cost of over £1m.

One insider thought that Sir Hugh may lose the chairmanship tomorrow by four votes.

The anti-Sir Hugh lobby is likely to be led by Professor Roland Smith, the part-time Fraser deputy chairman brought in by Warburg at a salary of £50,000, and Mr. Ernest Sharp, a former joint managing director of Grand Metropolitan and a non-executive director of Fraser group also brought in by Warburg.

The Scottish-based directors who form the rump of the board and whose careers have largely been based in the Fraser empire, are not entirely behind the anti-Sir Hugh Fraser lobby.

On the present count Sir Hugh Fraser could lose tomorrow by 10 votes to six. If the issue does go before an extraordinary general meeting, Sir Hugh could muster at least 33.5 per cent of the voting shares with Lonrho's stake and shares held by his family trusts.

Institutional shareholders hold about 30 per cent of the Fraser shares while the balance is held by small shareholders.

Last night Fraser directors were meeting at Warburg to discuss their tactics.

Unemployment 2.4m

Continued from Page 1

36,000 higher than a year ago.

● An average of 274,000 people a month were leaving the unemployment register in the three months to December, slightly more than a year ago. But the average number joining the register jumped from 285,000 to 368,000 during 1980.

● The adult unemployment rate in the UK is higher than in most other industrial countries, with the main exceptions of Ireland and Belgium.

● The sharpest rise in UK unemployment in the last year has been in the west Midlands (up 92 per cent), a region with a heavy concentration of manufacturing industry. The rate is also well above 10 per cent north and west of the River Trent.

Richard Evans writes: There is likely to be a Commons debate on the unemployment figures next week following pressure from the Opposition.

Mr. Michael Foot, Labour leader, and Opposition MPs, sought to mount a major protest in the Commons against Employment Secretary, Mr James Prior, and Mrs. Thatcher but it turned out surprisingly low key.

Mr. Foot said the unemployment totals were the worst since the end of the war and except for one single month worse even than January figures in the 1930s.

Like Mr. Prior, the Prime Minister attributed responsibility for the present situation to successive governments over the past 20 years which had failed to take the steps needed to put right deep seated problems.

Christian Tyler adds: Mr. Len Murray, TUC general secretary said: "These figures set another wretched record. In the last two years, the Government had added over 1m to the number of people registered as unemployed. More and more people agree with the TUC that there is an alternative to the Government's policies of destruction and neglect."

BL closes Belgium assembly plant

By Giles Merritt in Brussels

BL IS to close its car assembly plant at Seneffe, south-western Belgium. About 2,200 jobs will be lost. Closure costs could be more than BFr 2bn (£25m).

A formal statement on the closure date and redundancy details is due this morning.

The future of Seneffe, which assembles Minis and Allegros and last year produced 36,000 cars, has been in doubt for more than 18 months.

When it was opened by British Motor Corporation in the early 1960s it was to be a Continental bridgehead for future sales offensives across Europe.

Senior BL executives formally told Mr. Willy Claes, Belgium's Economic Affairs Minister, of the decision in Brussels yesterday. It brought to an end a determined campaign, by the Belgian Government to save Seneffe, that once prompted Mr. Wilfried Martens, the Prime Minister, to try to secure the intervention of Mrs. Margaret Thatcher.

Seneffe employs 2,700 people. The company is believed to be maintaining its Belgian-based distribution and pre-delivery operation, which will save about 500 jobs.

But the loss of 2,200 jobs in the economically hard-hit Wallonia region is already seen as a serious development in Belgium. It coincides with the start yesterday of a potentially lengthy steelworkers' strike reflecting the ills of Wallonia's steel industry, and the country appears to be facing a rash of labour unrest.

Yesterday's news of the BL decision followed a weekend of angry demonstrations by Seneffe workers. They have threatened to blockade all BL cars and spare parts following early warnings from their trade union representatives that the closure date is to be March 31.

The Seneffe plant is working only one week in four, and the losses that BL would sustain on that output would certainly dwarf the BFr 180m (£2.3m) that the UK parent transferred last year to Leyland Industries Belgium as a topping-up payment for 1978-79.

However, the cost of closing Seneffe is believed to be one of the factors that have delayed the BL axe for so long, because under Belgium's laws governing redundancy payments the payout is likely to be between BFr 2bn and BFr 3bn.

The loss to Belgium of BL's Seneffe operation comes hard on the heels of similar closures in the country's important 1m units a year-plus motor vehicles industry.

A month ago, France's Citroen closed its Brussels-Forest plant, which employed almost 1,000 people.

BL reorganisation, Page 6

Weather

UK TODAY

SUNNY intervals with some mist and patchy fog.

London, E. England, Midlands: Fog clearing slowly, sunny periods. Max. 9C (48F).

W. England, Wales, Channel Isles, Isle of Man, S.W. Scotland, N. Ireland Sunny periods. Max. 9C (48F).

Rest of Scotland: Fog patches and frost in places at first. Mild with some sunshine. Max. 10C (50F).

Outlook: Mostly dry and mild, some rain in north.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	13	55	Luxmbg.	Fg	0	32
Algiers	C	13	55	Luxor	S	18	64
Amsdm.	Fg	7	45	Madrid	S	9	48
Athens	R	4	39	Majorca	F	15	59
Bahrain	C	18	64	Malaga		—	—
Barclna.	S	12	54	Malta	F	11	52
Beirut	R	14	57	M'chstr	C	7	45
Belfast	C	7	45	Melbne	R	18	64
Belgrd.	C	−2	28	Mx. C.†		—	—
Berlin	S	−1	30	Miami†	F	11	52
Biarritz	S	9	48	Milan	S	5	41
Bmghm.	C	7	45	Montrl.†	Sn	2	36
Blackpl.	C	7	45	Moscow	C	−4	25
Bordx.	S	9	48	Munich	S	−2	28
Boulgn.	C	8	46	Nairobi	S	27	81
Bristol	C	6	43	Naples	S	6	43
Brussels	R	7	45	Nassau		—	—
Budpst.	F	0	32	Nwcstl	F	9	48
Cairo	F	16	61	N. York†	F	7	45
Cardiff	C	7	45	Nice	S	13	55
Cas'b'ca	C	19	66	Nicosia	F	16	61
Cape T	C	19	66	Oporto	F	14	57
Chicg.†	C	1	34	Oslo	S	−4	25
Cologne	C	3	37	Paris	C	7	45
Copngn.	S	0	32	Perth	S	27	81
Corfu	S	7	45	Prague	S	−4	25
Denver†	F	−4	25	Reykjvk.	R	3	37
Dublin	C	8	46	Rhodes	C	12	54
Dbrvnk.	S	3	37	Rio J'o†		—	—
Ednbgh.	C	9	48	Rome	S	10	50
Faro	S	17	63	Salzbrg.	Fg	−1	30
Florence	S	8	46	S'cisco†	R	14	57
Frankft.	C	−1	30	S. Mritz.		—	—
Funchal	F	18	64	Singapr.		—	—
Genova	C	−2	28	S'tiago†		—	—
Gibrltr.	C	14	57	Stckhm.	C	−1	30
Glasgow	C	8	46	Strasbg.		—	—
G'rnsey	C	9	48	Sydney	S	28	82
Helsinki	C	0	32	Tangier	S	16	61
H. Kong	C	17	63	Tehran		—	—
Innsbrk.	S	−3	27	Tel Aviv	C	12	54
Invrnss	S	9	48	Tenerife	S	16	61
I. o Man	C	8	46	Tokyo	S	7	45
Istanbul	R	3	37	T'ronto†	Sn	0	32
Jersey	C	8	46	Tunis	F	14	57
Jo'burg	F	24	75	Valencia	S	13	55
L. Pims.	F	22	72	Venice	F	4	39
Lisbon	F	12	54	Vienna	S	−1	30
Locarno	S	4	39	Warsaw	S	−4	25
London	C	12	54	Zurich	C	−2	28
L. Ang†	C	12	54				

C—Cloudy F—Fair. Fg—Fog. H—Hail R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

THE LEX COLUMN

Ringing up £45m for Asda

Jumping in with a rights issue a day earlier than its scheduled interim announcement to head off rumours, Associated Dairies picked up a net £45m on lightish one-for-eight terms at 154p. As earlier foreshadowed, however, the half-time results lack any sparkle, and the 1 per cent pre-tax advance to £22.8m would have appeared as a slight decline but for the inclusion of an extra two weeks from the superstores and the dairy business. Still, the second half should look rather more buoyant and the group is talking optimistically about next year.

Reorganisation of the furniture stores side involved about £2.5m of exceptional costs in the first half—the group is slimming its chain and moving up market. So although Allied Carpets almost held profits, trading profits in carpets and furniture dropped by some £2.5m overall.

The superstores continued to show big sales growth, however, amounting to about 29 per cent after adjusting for the extra fortnight. Of this Asda reckons 13 per cent was inflation and some 7½ per cent represented extra selling space. That would leave 8½ per cent for volume, concentrated in food because the non-food volume gain is estimated to be a more modest 5½ per cent.

But even in superstores margins have eased—from 4.6 to 4.0 per cent—reflecting a high level of store opening costs. Like Sainsbury and Tesco, Asda is heavily involved in the dash for growth in superstores and spending is projected at £150m in the next 2½ years, well in excess of cash flow. But finance does not present any problems with the shares highly rated, and the sector showing useful relative strength, something which must seem rather galling to Tesco, now worth much less than half Asda in terms of market capitalisation.

In the current half-year the furniture stores should escape exceptional charges of such severity, and superstore growth should continue so there will be hopes that the year will produce something modestly over the £50m pre-tax of last time. And the forecast dividend improvement takes the yield up to a princely 3 per cent.

Reed International

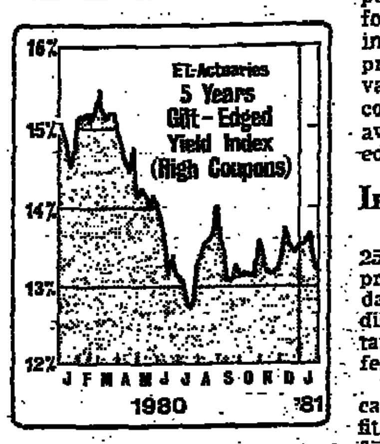
Reed's experience in the third quarter of its year to March closely matched that of the second quarter, with serious problems continuing in UK papermaking and in wallcoverings. Rationalisation costs in excess of £10m relating to these businesses are being spread across the year, and pre-tax profits for the three months to December are down from £29.9m to £15.1m, giving a nine-month figure down from £80.0m to £42.1m.

The group is holding its own in packaging, despite severe destocking, and building materials are very steady, as is the contribution from Reed Paper in Canada. A cover price increase on the Daily Mirror has helped the publishing interests, but advertising has fallen off steeply at IPC Business Press.

In the present quarter Reed is seeing no upturn, but things have stopped getting worse and there is considerable potential for recovery in 1981-2, with the absence both of closure costs and of the £12m IPC strike losses. The current cost figures, too, should look a great deal more acceptable — at present Reed is making a small CCA attributable profit, but nowhere near enough to cover the dividend.

The market is confidently assuming that having rescued its balance sheet and restored its dividend to the level from which it was cut in 1978 Reed is not going to cut it again in a hurry, even with historic cost profits falling by 40 per cent from last year's £100m. But the shares dare not look too far ahead: the yield at 182p is 10¼ per cent.

Index rose 3.5 to 467.4



Despite the small rise in gilt-edged yields since Friday, Exchequer 12 per cent 1985 Convertible seems likely to attract a respectable subscription this morning. The draw is not so much the conversion options (into Exchequer 13¼ per cent 1992), which are hard to value at present, but the possibility of holding the stock for a year and a day and receiving only one dividend. This privilege — of considerable value to payers of income or corporation tax — is not usually available on short-dated gilt-edged stock.

Inchcape

Inchcape reported a sparkling 25 per cent increase in interim profits to £39.1m pre-tax yesterday. But the market was disappointed with the maintained dividend and the shares fell 13p to 427p.

A reason for Inchcape's caution is that attributable profits have fallen by 16 per cent following more than doubled tax and minorities charges. Lack of profits in the UK has left the group exposed to £2.5m in unrelieved ACT while the minorities charge reflects a big increase in the contribution from Inchcape Berhad in Singapore.

Most of the profit growth has again come from Singapore and the Far East and South East Asian operations now account for nearly three-quarters of profit. So the group is understandably a little apprehensive about the possible effect of the rise in the value of the yen on its sizeable profits from Toyota distribution.

The group still plans to invest more in Europe and the Americas to balance its portfolio but profit growth is likely to slow in the immediate future. The full year figure may be £74m against £65.6m, which indicates a fully taxed p/e of nearly 12 and a yield of 6.1 per cent.

Renwick Group

Like his more famous compatriot Mr. Harry Oppenheimer, Mr. Graham Beck—who yesterday broke his Hong Kong cover to emerge as a bidder for Renwick Group — has endeavoured to obey the letter of the City's rules and codes. But there will inevitably be curiosity over the role of the mysterious clients of Uto Bank of Zurich who built up a 22.5 per cent stake in Renwick which has now been snapped up by Mr. Beck to take his total stake over the 50 per cent mark. A formal bid at 85p a share now goes out. The Takeover Panel has been assured that there has been no organised concert party, but its vulnerability in the face of cloak-and-dagger dealings by foreigners has been underlined.

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